Investing in Global Prospects
For the World, For the Netherlands
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For the World,
For the Netherlands

Policy Document on Foreign Trade and Development Cooperation
May 2018
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The focus of development cooperation is shifting to the unstable regions of the Sahel, the Horn of Africa, the Middle East and North Africa, with a view to tackling the root causes of poverty, migration, terrorism and climate change.

An additional €60 million annually for new investment in education, employment, young people and women.

An additional €290 million annually for emergency aid and improving the protection and prospects of refugees in host countries in the region of origin.

Optimising services for SMEs and startups through establishment of NL International Business, Trade & Innovate NL and Invest NL.

Sharper focus in economic diplomacy on international cooperation for innovation and knowledge diplomacy to tap into new markets, including those for innovative SDG solutions.
Investing in Global Prospects and Development Cooperation

- **Sustainable, inclusive growth and climate action**
  - A new €40 million a year fund for climate investments in developing countries.
  - Mobilise businesses and knowledge institutions to contribute to the achievement of the SDGs.
  - Eradicating child labour, promoting a living wage and corporate social responsibility in global value chains.
  - Ambitious international agreements on market access and sustainable trade and investment.

- **Enhancing the Netherlands’ international earning capacity**
  - Public-private cooperation to develop and implement a joint internationalisation strategy and branding.
  - Helping the business community prepare for Brexit.

- **Gender equality**
Executive summary

The Netherlands in the world

Prosperity and security in the Netherlands are closely connected to the world around us. This presents opportunities and challenges. In many ways the world keeps getting better. For example, the number of people living in extreme poverty has declined sharply, while access to basic services such as clean water, healthcare and education has improved dramatically. In many developing countries, these improvements have been supported by economic growth. The Netherlands, too, is thriving economically. It is an important trading nation and one of the world’s most innovative and competitive economies.

At the same time, the Netherlands’ policy on Foreign Trade and Development Cooperation (BHOS) must respond to major changes and serious challenges: growing conflict and instability, large flows of refugees and migrants, the continued existence of extreme poverty in developing countries, high levels of population growth in certain regions, climate change, inequality of opportunity, rapid technological developments and digitalisation, rising protectionism, steep international competition and a looming trade war.

This policy document shows how the government is responding to these international challenges and opportunities in the interests of the Netherlands. In doing so, it fleshes out various policies announced in the coalition agreement, making clear in particular that Dutch development cooperation – as an integral component of foreign policy – will target the root causes of poverty, migration, terrorism and climate change. In addition, the document explains how the government is approaching its ambition to maintain the Netherlands’ position as one of the top-five most competitive economies in the world. The document is aligned with other policies, such as the Integrated International Security Strategy, the Defence White Paper and the Integrated Migration Agenda.

Objectives and approach

The updated BHOS policy promotes four closely connected objectives:

• preventing conflict and instability;
• reducing poverty and social inequality;
• promoting sustainable and inclusive growth and climate action worldwide;
• enhancing the Netherlands’ international earning capacity.

This includes improving the protection and prospects of refugees and displaced persons in host countries in the region of origin, and preventing irregular migration.

A cross-cutting goal of BHOS policy is to advance gender equality and improve the position of women and girls. Discrimination against women is visible in all aspects of society, which means that gender equality requires active attention in all areas of BHOS policy.
The 17 Sustainable Development Goals (SDGs) for 2030, as agreed by the United Nations, are the international guiding principles for BHOS policy. Together they constitute the ultimate prevention agenda, in the sense that working towards them helps prevent conflict and instability, which is a key goal of the new policy. The SDGs promote human rights and the rights of women and girls and seek to improve the lives of the most disadvantaged (under the motto ‘Leave no one behind’). The SDGs also constitute an agenda for innovation and provide businesses with an opportunity to tap into new markets by developing innovative solutions for achieving them. Finally, for the first time, the SDGs offer a universal agenda for international cooperation.

In order to bring the SDGs closer, we need to work in new ways, mobilise innovative financing mechanisms and employ – and stimulate the development of – digital and other new technologies. Through its new BHOS policy, the Netherlands will promote innovation in support of the SDGs. We will pursue an innovative approach ourselves wherever possible and challenge our partners to do the same.

When it comes to implementing BHOS policy, the Netherlands works closely with civil society, businesses and knowledge institutions. In developing countries, we tailor our activities to national plans, including those for SDG implementation. At international level, the EU and like-minded EU member states are natural partners, along with multilateral development banks and UN agencies.

In accordance with the policy changes, the result areas and indicators of BHOS policy will be aligned with the SDG framework where possible.

In order to be able to take all necessary measures to contribute as much as possible to the SDGs, the government needs to take steps that are compatible with the reaffirmation of the international agreement concluded at EU and UN level to once again work towards a development budget amounting to 0.7% of gross national income (GNI) by 2030. The spending increases outlined in the coalition agreement, which are discussed in this document, represent an important step during the present government’s term of office. During this period, potential follow-up steps will be thoroughly examined at the appropriate time in the light of the prevailing humanitarian and development situation, government-wide priorities and the agreed budgetary framework.
Development cooperation to focus more on unstable regions

BHOS policy will focus more on preventing conflicts and combating instability and insecurity. Problems like poverty, conflict, terrorism, climate change, population growth and irregular migration are closely intertwined. A growing number of countries in Europe’s vicinity are wrestling with these problems, particularly in the Sahel, the Horn of Africa, the Middle East and North Africa. Moreover, extreme poverty in the world is becoming more and more concentrated in fragile regions. It is in everyone’s interest to tackle the root causes of these problems in cooperation with the countries themselves. The rapidly expanding youth cohort in these countries needs the prospect of a future that includes employment, education, equal opportunities and security. Improving the position of women and girls also plays a crucial role in this regard. The government is therefore investing in programmes that specifically target these groups. Joint efforts in support of stability, poverty reduction and inclusive growth also constitute a structural and long-term investment in limiting the pressures associated with refugees, internally displaced persons and migrants.

Key policy priorities:

• The West African Sahel, the Horn of Africa, North Africa and the Middle East will become the focus regions for development cooperation.
• The Netherlands will invest €60 million annually in new programmes supporting general and vocational education, employment and income equality for young people and women in the focus regions.
• Existing efforts in the fields of water, agriculture, sexual and reproductive health and rights (SRHR), climate change, the rule of law and private sector development will increasingly target the focus regions; spending in these regions will thus increase by at least one third.
• The Netherlands will set aside an additional €290 million for emergency aid and the humane reception and protection of refugees in the region of origin, while also intensifying its efforts in the field of humanitarian diplomacy.

Climate action and mobilising the private sector for sustainable and inclusive growth

The Netherlands and developing countries have a shared interest in sustainability and inclusive growth worldwide, since respect for human rights, nature and the environment and equal opportunities for all are preconditions for future prosperity and development. The government is contributing to this goal through its combined agenda on Foreign Trade and Development Cooperation, in line with the Paris climate agreement and the SDGs. In order to realise these high ambitions, we must support developing countries in their efforts to tackle the consequences of climate change and strengthen their economies. We should take advantage of the opportunities provided by digital and other new technologies and ensure that the private sector, both in the Netherlands and abroad, can tap into new markets by developing innovative solutions for achieving the SDGs. In this context, the Netherlands actively promotes corporate social responsibility, fair and sustainable global value chains and a future-proof multilateral trade and investment system that stimulates sustainable growth and development.
Key policy priorities:
• The government will establish a national climate and development fund (€40 million annually) for investments in climate adaptation and mitigation in developing countries.
• Businesses and knowledge institutions will be challenged and supported to contribute to the achievement of the SDGs. Emphasis will be placed on those specific SDGs where Dutch knowledge and expertise can truly make a difference at international level and where opportunities exist to tap into new markets.
• The government will develop a digital strategy in order to take advantage of the opportunities offered by digital technology for sustainable and inclusive growth.
• In the context of its policies on sustainable value chains and corporate social responsibility, the government will scale up its activities for eliminating child labour and for promoting a living wage, and will emphasise effective implementation and expansion of the voluntary agreements on international corporate social responsibility.
• The Netherlands is a strong advocate of maintaining and strengthening the multilateral trade and investment system. Among other initiatives, the government has produced a new model text for bilateral investment agreements, which it intends to renegotiate in order to strike a better balance between the rights and obligations of governments and investors.

A proactive trade and investment agenda
In order to secure the highest possible return on trade and investment promotion, public and private actors must join forces and concentrate their efforts more on those markets that are most important to the Netherlands, with greater emphasis on small and medium-sized enterprises (SMEs) and startups. The Netherlands is the fourth most competitive economy in the world. This pays off: the Netherlands owes a third of its jobs and national income to foreign trade. Nevertheless, this strong international position should not be taken for granted. It is vital that the Netherlands maintain access to international markets. This requires an international level playing field, maintaining our share in existing markets, tapping into new markets, encouraging companies to become active internationally and promoting an attractive business climate at home. In addition, the Netherlands must continue investing in knowledge, innovation and digitalisation, and with this position itself internationally as a valuable partner.
**Key policy priorities:**

- The government will optimise the services provided to SMEs and startups that wish to expand their international presence in promising markets, through the establishment of NL International Business, Trade & Innovate NL and Invest NL.

- Economic diplomacy will focus more sharply on international cooperation in the field of innovation and knowledge diplomacy in order to tap into new markets, including those for digital applications and innovative SDG solutions.

- The International Strategic Board and NL Works will be established for public-private cooperation in order to develop and implement a joint international strategy, joint branding and joint multi-year programming.

- The government is pushing for an ambitious, broad and deep trade relationship between the EU and the United Kingdom. Together with the Dutch business community, it is developing measures to support entrepreneurs in the event of Brexit.

**Preparation of the policy document**

This policy document was realised thanks in part to the views and ideas of the business community, civil society organisations and knowledge institutions in the Netherlands and abroad. An online consultation attracted over 200 mostly high-quality responses ([https://www.internetconsultatie.nl/bhos/reacties](https://www.internetconsultatie.nl/bhos/reacties)).

The government regards this interactive exercise and cooperation as an important step in attracting support for and partnerships in the implementation of BHOS policy.
Key changes in BHOS policy

- The focus of development cooperation will shift to unstable regions (the West African Sahel, the Horn of Africa, the Middle East and North Africa) in order to tackle root causes of poverty, migration, terrorism and climate change.
- Improving the position of women and girls is a key objective in all areas of BHOS policy.
- €60 million annually for new programmes supporting general and vocational education, employment and income opportunities for young people and women in the focus regions.
- An additional €290 million annually for emergency aid and reception of refugees in their regions of origin, coupled with intensive diplomatic efforts to ensure compliance with humanitarian law.
- Additional funding for international climate action, rising to €80 million annually, including €40 million for a new climate fund for investment in developing countries.
- A larger role for the private sector and knowledge institutions, including the Dutch ‘top sectors’, with a view to tackling societal challenges worldwide.
- Taking advantage of the opportunities offered by digitalisation for sustainable and inclusive growth.
- Emphasis in economic diplomacy on SMEs and startups, on new growth markets including those in the field of innovation and the SDGs, on international cooperation for innovation and on knowledge diplomacy.
- The provision of top-level services to the Dutch business community via the establishment of Trade & Innovate NL, NL International Business and Invest NL.
- Establishment of the International Strategy Board (ISB NL) to flesh out a strategy to help expand international presence in promising markets and public-private cooperation through NL Works to help implement this strategy.
1. Trends, Developments and Policy Implications
1.1 Trends and developments

Rapid changes and structural trends determine the opportunities for sustainable development and inclusive growth, both worldwide and in the Netherlands. We have to take account of these changes and trends in our policies. They include:

- Successful poverty-reduction, increasing development
- The Netherlands’ strong international economic position
- Instability and underdevelopment in some regions
- Unequal distribution of opportunities and income
- Climate change and environmental degradation
- A changing international economic arena
- The digital revolution

**Successful poverty-reduction, increasing development**

Never before has there been such improvement in the living standards of such a large part of the world’s population within a single generation as in the past 25 years. There has been a spectacular decline in the number of people living in extreme poverty, from 1.85 billion in 1990 to less than 700 million now (see figure). Asian countries are taking the greatest leaps forward, but incomes have also risen in many other developing countries. In addition, there has been great progress worldwide on social indicators like life expectancy, child mortality, participation in education and access to safe drinking water (see box). In Sub-Saharan Africa, incomes have grown moderately, but there have been relatively strong improvements in social terms. That was partly due to development cooperation, and the Netherlands made an effective contribution to these improvements. Thanks to this progress, we can now concentrate resources for international cooperation on areas that are still lagging far behind.

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2 See for example the policy reviews on Primary Education (IOB, 2011), Drinking Water and Sanitation (IOB, 2012), SRHR (IOB, 2013) and Food Security (IOB, 2018).
3 For example: in 2016, per capita national income in the Netherlands was still 70 times higher than that in Ethiopia (despite positive growth figures for Ethiopia in the past two decades): USD 46,610 as opposed to USD 660. Source: World Bank data (per capita GNI, Atlas method).
Figure 1: Extreme poverty alongside a growing global population

Major progress on social indicators in Sub-Saharan Africa

- In 1960 average life expectancy worldwide was 53. That is now 72. The greatest leaps forward are being made by countries such as Ethiopia (from 38 in 1960 to 65 in 2015) and Niger (35 to 60).\(^4\) Better nutrition and healthcare were important factors in this progress.
- Systematic vaccination campaigns, supported by official development assistance (including from the Netherlands) and private funds (like the Bill & Melinda Gates Foundation) made a strong contribution to the spectacular reductions in infectious diseases like measles and polio. Programmes to fight malaria, tuberculosis and HIV/AIDS also had considerable success. Under-five child mortality was halved between 1990 and 2015, with the greatest progress being made in Sub-Saharan Africa, especially in the poorest families.\(^5\)
- In the past 25 years, more than 2.6 billion people have obtained access to safe drinking water. The improvement was relatively large in Sub-Saharan Africa, rising from 48% of the population in 1990 to 68% in 2015.
- In relative terms, Sub-Saharan Africa also saw the largest growth in participation in education: the percentage of children receiving primary education rose from 52% in 1990 to 80% in 2015. Participation, however, is only the first step.

\(^4\) World Bank data, Life Expectancy at Birth.
**The Netherlands’ strong international economic position**

In 2017, the Netherlands consolidated its position as the world’s fourth most competitive economy. Within the European Union, we top the list. The Netherlands has been in the top ten of this international ranking every year since 2005. The improvement in the innovative climate has been especially noticeable in recent years. In addition, our strong institutions, healthcare and education contribute to our solid achievements, as do our infrastructure, logistics and creative way of working. Points for attention include developments in the financial markets and the functioning of the labour market.

Through the high quality of its factors of production and the interaction between actors in the economy, the Netherlands has been able to strengthen its position in global value chains. That has paid off: a third of our total income is earned abroad, and 2.2 million jobs – one in three – are related to international trade. Foreign investors provide a further one million jobs. The Netherlands is also one of the world’s most inclusive economies. The government has the ambition to maintain the Netherlands’ position as one of the top-five most competitive economies in the world. But that will not happen automatically. We must respond to all of these developments if we are to consolidate our position in existing markets like Germany and Belgium and conquer new ones.

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**Figure 2: Strong Dutch position in international arena**

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Ranking</th>
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</thead>
<tbody>
<tr>
<td>Ease of Trade Across Borders</td>
<td>1</td>
</tr>
<tr>
<td>Global innovation</td>
<td>3</td>
</tr>
<tr>
<td>Outward Foreign Direct Investment</td>
<td>3</td>
</tr>
<tr>
<td>Competitive index</td>
<td>4</td>
</tr>
<tr>
<td>Open markets</td>
<td>4</td>
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<tr>
<td>Logistics performance</td>
<td>4</td>
</tr>
<tr>
<td>Inward Foreign Direct Investment</td>
<td>6</td>
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<tr>
<td>Inclusive Development index</td>
<td>7</td>
</tr>
<tr>
<td>ICT Development</td>
<td>7</td>
</tr>
</tbody>
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6 World Economic Forum (2017), Competitiveness Index.
Instability and underdevelopment in some regions

The international security situation has deteriorated.\(^7\) The number of armed conflicts around the world has tripled since 2010.\(^8\) Armed conflict and war are the main cause of the recent increase in numbers of people suffering from hunger. Starvation is sometimes part of an intentional war strategy. Conflicts and insecurity have also led to 65 million refugees and internally displaced persons worldwide, more than ever before. The great majority of these people are given shelter in their regions of origin.

Instability has increased particularly in many countries close to Europe: in the Middle East, and in North Africa, the Sahel region of West Africa and the Horn of Africa. War, armed conflicts or rising ethnic tensions have made many countries less safe and their governments unstable. Weak governance and – not infrequently – corruption are undermining people’s trust in their leaders and fuelling conflict. These countries sometimes offer a safe haven for extremist and terrorist groups, and to those involved in criminal activities like drug trafficking and people smuggling. The surrounding countries can be sucked into a downward spiral. Climate change contributes to this instability. These developments are having far-reaching consequences, both for the people there and in Europe.

A country’s prospects for development are now determined to a significant degree by whether it is faced with fragility and conflict. By 2030, an estimated 80% of extremely poor people will be living in countries affected by fragility and conflict, especially in Africa.\(^9\)

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\(^7\) Integrated Foreign and Security Strategy, Parliamentary Paper 33694 no. 12.

\(^8\) United Nations and World Bank (2017), *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*.

\(^9\) See for example [www.brookings.edu/blog/up-front/2017/03/29/rethinking-how-to-reduce-state-fragility/](http://www.brookings.edu/blog/up-front/2017/03/29/rethinking-how-to-reduce-state-fragility/).


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**Figure 3**: Rising poverty in fragile states may jeopardise the trend towards falling extreme poverty.\(^10\)

![Graph showing rising poverty in fragile states](source: World Data Lab, 2017)
Many countries in Sub-Saharan Africa are in a significantly better economic position than two decades ago. However, they still lag far behind, and their prospects are not unequivocally favourable. They are heavily dependent on fluctuating commodity prices, their level of industrialisation is limited and agricultural productivity has barely increased. On top of that, in many countries the national debt has once again risen sharply in recent years. Given rapidly changing global growth patterns, it is unlikely that Africa will be able to follow the same path to growth as Asia and Latin America.

Furthermore, the strong population growth in Africa – from one billion people now to around four billion in 2100 – will eat up a large part of the fruits of economic growth. There is a severe shortage of decent income sources for young people, both in rural areas and in the rapidly growing cities. Many countries are experiencing jobless growth, i.e. growth that generates only a very limited number of new jobs. An estimated three million jobs are created per year in Africa, while between 10 and 12 million young people enter the labour market. The same problems are occurring in North Africa and the Middle East. For many young people, this is reason enough to consider migrating.

Migration has sparked public debate in many European countries, including the Netherlands. While the greatest migration flows take place within the region of origin, irregular migration to Europe (and also to Asia) is on the increase, especially from Africa. This is induced by a combination of instability, great differences in prosperity and the absence of national or regional prospects for the future. The coalition agreement and the integrated migration agenda based on it emphasise the importance of working with these countries to tackle the root causes of migration.

Unequal distribution of opportunities and income

For the first time since the industrial revolution, economic inequality between countries has decreased worldwide. At the same time, inequality within countries is growing almost everywhere. In many countries, a lack of adequate government intervention means that increased prosperity generally benefits only a limited section of the population. There are also significant income gaps in terms of gender, age and place of residence. This inequality presents a threat and a potential obstacle to further development of the economy and society because of the risk of polarisation and disintegrating social cohesion. The way inequality develops varies widely between regions, depending on national policies. Income inequality is now greatest in the Middle East, followed by Sub-Saharan Africa, Brazil and India.

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11 GNP for the whole of Sub-Saharan Africa (including South Africa) is less than twice that of the Netherlands.
12 Because of rapid digitalisation and automation of production processes, the presence of cheap labour will be of declining importance in investment decisions by companies in the manufacturing industry. This means that Africa will only be able to take over a small part of these activities from increasingly wealthy Asia. See Joseph Stiglitz (2017), From Manufacturing Led Export Growth to a 21st Century Inclusive Growth Strategy. Dani Rodrik (2015), Premature Deindustrialization. ACED (2017), African Transformation Report 2017: Agriculture Powering Africa’s Economic Transformation.
14 World Bank (2016), Poverty and Shared Prosperity 2016: Taking on Inequality.
16 IMF (2017), Fiscal Monitor.
For a long time, respect for and protection of human rights increased worldwide. It is alarming that this positive trend does not seem to be continuing. Autocratic regimes, as well as a number of officially democratic states, restrict the rights and scope of civil society and human rights groups and organisations. In many countries, the rights of minorities (including those of religious minorities and the LGBTI community) are endangered and freedom of the press is limited. The situation is most serious in the Middle East and North Africa, but is also a cause for concern in many countries in Eurasia and Sub-Saharan Africa. Inequality in rights and social opportunities between different population groups, especially between men and women, is also a serious problem. Gender equality is increasing in healthcare and education, but there is very little progress in terms of participation in decision-making, economic self-sufficiency and freedom from sexual and other forms of violence. Genuine opportunities for women and girls are often limited.

Globalisation and technological developments are having a substantial impact on the labour market, and thus on jobs in the Netherlands and worldwide. It is difficult to predict what precise consequences this will have but it is clear that women and those educated only at primary and secondary level in particular will be hit the hardest. They are relatively strongly represented in sectors experiencing the severest falls in employment. In many countries, they also constitute a relatively small segment of those working in rapidly growing sectors like science and ICT. If nothing is done to counteract this trend, social inequality will increase even further.

**Climate change and environmental degradation**

Human activity has increased so strongly worldwide that the planet can no longer support it. Production and consumption are far from sustainable: ecosystems and biodiversity are under threat, the oceans are at risk from plastic waste, farmland is becoming depleted and overfishing is diminishing fish stocks. Natural resources, energy and drinking water are becoming scarcer, sometimes leading to conflict. As a result of rapid urbanisation, two-thirds of all people will live in cities by 2050. In many countries, crowded residential districts, low-quality housing and pollution threaten the quality of life in megacities. The negative effects of climate change will only increase in the decades ahead. There are, however, considerable regional differences in terms of the impact this will have, and developing countries in particular will be hit relatively hard. Extreme weather conditions like drought and flooding will place water and food supplies under even greater pressure.

The World Bank has warned that tens of millions of people in Sub-Saharan Africa could be forced to move from their homes due to climate change. In the Middle East and North Africa, temperatures will rise so severely that large areas will become practically uninhabitable. One positive development is the conclusion of the Paris climate accord in 2015. Awareness of the importance of the environment

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18 See, for example, Kate Raworth (2017), Doughnut Economics.
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and climate is growing worldwide. Significant steps are being taken towards sustainable energy management and a circular economy. But these transitions are not moving ahead fast enough internationally.

**A changing international economic arena**

International political and economic relations are currently tense. Protectionism is on the rise, while economies are increasingly converging and becoming more intertwined in global value chains. The share of developing countries in world trade and investment is growing steadily, while the growth figures of emerging markets are higher than those of the European Union.¹² That creates opportunities for the Netherlands, with the countries of Southeast Asia increasingly important as export destinations.²³ At the same time, we need to adopt a new way of doing business if we are to succeed in distant markets. In addition, the increasing involvement of state-led economies like China and Russia in the global economy raises questions of economic security.

International economic cooperation is also under serious pressure. The UK’s imminent exit from the EU will have a serious political and economic impact on the Netherlands. Further causes for concern are the stagnation in multilateral negotiations on trade and investment and the current crisis in the World Trade Organization (WTO). The most alarming issue is that the WTO’s dispute settlement mechanism – the cornerstone of the multilateral system – is under pressure. Recent trade-restricting measures by the US and the response of China add to these concerns. The Doha round of negotiations (the ‘development round’) is in stalemate, and there is disagreement about the preferential treatment of the group of developing countries, that differ considerably from each other. In addition, the WTO rules offer insufficient tools and safeguards to address the uneven playing field that can arise through the operations of state-owned enterprises on the international market.

**The digital revolution**

In the past fifteen years, digitalisation had led to the emergence of an expansive digital economy. New digital technologies, like the Internet of Things, blockchain, robotisation and artificial intelligence, are transforming the economy and society at a rapid pace. Digitalisation is the driver of innovation and economic activity. These new technologies can help achieve a breakthrough in solving societal challenges, such as the transition to a circular economy. For developing countries, digitalisation offers opportunities to leap forward. Digitalisation is also changing the nature of global trade. Trade in data is exploding, and growing faster than traditional trade flows. Information and data are no longer ‘bycatch’, but have become tradeable goods and resources in themselves.

Another effect of digitalisation is the declining importance of geographical location. Products and services can be developed in the cloud and sold directly to clients on the other side of the world. People, businesses and developing countries can be easily and directly linked to the world market. Tens of millions of small companies and startups are now exporting their products and services around

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the world through e-commerce. Providing services directly through the internet has also enabled many people to work from home; for women who have limited access to work outside the home, this is an opportunity to generate income.

The extent to which countries can participate and compete in the digital economy varies widely, depending on the adoption of digital technology by businesses, consumers and governments, and the available expertise and digital infrastructure. There is a large gap between a limited number of digital trailblazers, including the Netherlands, and the rest of the world. Developing countries in particular still benefit only minimally from the opportunities presented by digitalisation. For the Netherlands, the challenge is to make optimal use of its leading position, and for developing countries to make a major effort to catch up.

Digitalisation also has a down side. It disrupts traditional sectors and the emergence of large high-tech companies like Google and Amazon has made it difficult for newcomers to compete. There are also concerns about privacy, security, and access to data and confidential information. Digitalisation is impacting on the labour market through the automation of jobs and the growing importance of digital skills. Digitalisation presents opportunities for more and better work, but there is also a risk that not everyone will be able to share in the benefits.

1.2 Policy implications and goals

The Netherlands’ foreign trade and development cooperation (BHOS) policy is being adjusted and strengthened on the basis of the coalition agreement and the trends and developments described above. The SDGs provide the framework for BHOS policy.

Policy goals

The Netherlands’ BHOS goals are being tightened up and reformulated on the basis of the above analysis and with a view to implementing the undertakings made in the coalition agreement.

Overarching goals

- Preventing conflict and instability
- Reducing poverty and social inequality
- Promoting sustainable inclusive growth and climate action worldwide
- Enhancing the Netherlands’ international earning capacity

Cross-cutting goal

- Gender equality and the empowerment of women and girls

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24 World Bank (2016), World Development Report 'Digital Dividends'.
This includes improving the reception and protection of refugees and displaced persons in the region of origin and combating irregular migration. These goals are closely related, reinforce each other and call for an integrated approach. The government is working to achieve them through its combined agenda for foreign trade and international cooperation. Our efforts to reduce poverty in fragile countries help promote stability and prevent conflict. Encouraging the Dutch private sector to internationally develop innovative solutions for a circular economy is also an investment in climate action and in the Netherlands’ earning capacity. Gender equality and the empowerment of women and girls is a cross-cutting goal throughout BHOS policy. Improving gender equality requires an active effort in all aspects of policy.

**Sustainable Development Goals**

Through BHOS policy, we are working to achieve the Sustainable Development Goals (SDGs), which the UN member states aim to meet by 2030. For the first time in history, the SDGs provide a cohesive framework for an international approach to solving the major problems and challenges facing the world – from poverty, inequality and equal rights to sustainable consumption and production, climate change and conflict management. Working on the SDGs means working on prevention. The SDG agenda also presents the business community with opportunities to use innovative solutions for the SDGs to develop new business models. The agenda is universal and is concerned with the future prospects of all countries, not only developing ones. Important features of the agenda are the common language and the results framework that the 17 goals and the targets within each one provide, as well as the emphasis on the working method that the SDGs promote. That helps in undertaking targeted international action and cooperation (see box).

**The Sustainable Development Goals**

**Human rights** are strongly embedded in the SDGs: the goals have been drawn up from a human rights perspective and help promote international human and labour rights for all. This ties in with the central role that human rights play in the Netherlands’ foreign policy. In addition, by adopting the SDG agenda, the UN member states seek primarily to improve the lives of the most disadvantaged (under the motto ‘Leave no one behind’). The goals address all dimensions of poverty and deprivation.

The SDGs are the **ultimate prevention agenda**: investing in the goals means investing in preserving peace and preventing conflict in fragile and unstable regions. Progress towards the goals can take away the breeding ground for conflict and radicalisation, help restore the social contract between people and the state, and thereby help prevent states and societies from disintegrating.

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25 See also the Dutch government’s Human Rights Report 2017.
26 ‘Poverty is multidimensional. Poverty encompasses different dimensions of deprivation that relate to human capabilities including consumption and food security, health, education, rights, voice, security, dignity and decent work. Poverty must be reduced in the context of environmental sustainability. Reducing gender inequality is key to all dimensions of poverty. Reducing poverty requires better coherence in government policies affecting development.’ From DAC Guidelines for Poverty Reduction, OECD/DAC 2001.
The SDGs are an agenda for **innovation**: innovations in technology, working methods and financing are necessary to find new, integrated solutions for, for example, the transition to sustainable energy management and a circular economy. The goals challenge governments to work in an innovative way: via new forms of cooperation, with innovative forms of financing such as impact bonds, and with innovative applications of technology such as big data and blockchain.

The SDGs provide an agenda for **cooperation**: investing in the goals means investing in the global partnership for development. Cooperation and joining forces is crucial to achieving the goals and is therefore included as a separate goal in itself. SDG17, partnership for the goals, is about coordinating policy and making it coherent, working together and increasing the role of the private sector, knowledge institutions and civil society organisations in achieving the goals.

### 1.3 Working method

**Cooperation**

Progress on the BHOS goals calls for cooperation with partners in the Netherlands and worldwide. The European Union and like-minded EU member states are natural partners in this respect, as are multilateral development banks and UN institutions. The Netherlands also works with businesses, knowledge institutions and civil society – their knowledge and skills are indispensable in addressing major societal challenges. Innovation, including innovative forms of cooperation, is crucial to achieving these ambitions and increasing effectiveness. Where possible, our efforts should exert leverage, for example using by public money to encourage private investment. BHOS will support innovation in every way possible, and will also innovate itself. We challenge our partners to do the same.
**Coordination with national agendas in developing countries**

Coordinating with the national plans and ambitions of developing countries – including implementation of the SDGs – is an important starting point, as is the division of labour with other donors. Governments themselves are primarily responsible for good governance and for pursuing policies that benefit their people and offer them prospects for the future. The Netherlands will emphasise this in its policy dialogue with the governments of developing countries, where possible together with other partners.

**Coordination with the Netherlands’ national agendas**

The BHOS agenda ties in with other Dutch national agendas, including national implementation of the SDGs. Implementation and further elaboration of the BHOS agenda will take place in coordination with closely related policies and strategies, including the Integrated International Security Strategy, the Defence White Paper and the Integrated Migration Agenda, as well as the government’s plans relating to climate policy, the circular economy, digitalisation and policy on small and medium-sized enterprises (SMEs) and the country’s leading economic sectors (referred to as the ‘top sectors’).

**Integrated foreign policy and synergy between aid, trade and investment**

We are making our efforts more effective by increasing the coherence of our foreign policy and focusing on synergy between aid, trade and investment. Economic growth and access to foreign markets for developing countries are part of development policy. The Netherlands’ relations with developing and emerging countries will be used to open up markets for Dutch businesses. We make our innovative strength and capacity available for development, and the Netherlands will focus on the interests we share with developing countries. Whenever interests do not coincide, the integrated BHOS policy agenda enables us to weigh them up properly. The combination of foreign policy and development cooperation works to strengthen the independent goals of both the development and the trade agendas.

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**Note to the reader**

Policy on the BHOS goals is presented in an integrated way in this document. Preventing conflict and instability and reducing poverty and social inequality are addressed mainly in chapter 2. Chapter 3 focuses on reducing poverty and social inequality, and on promoting sustainable inclusive growth and climate action worldwide. Chapter 4 is concerned mainly with how to enhance the Netherlands’ international earning capacity and contribute to sustainable inclusive growth. Chapter 5 describes connections with the EU, multilateral institutions and civil society. Chapter 6 presents changes in the geographical focus of development cooperation, together with the financial section on intensifying and adjusting the budget, and result orientation.

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27 On this point we are building on the policy initiated under the previous government, as laid out in the policy document A World to Gain: A New Agenda for Aid, Trade and Investment (2013), Parliamentary Paper 33625-1.
Gender equality and empowerment of women and girls

Investing in women means investing in development and growth. The Netherlands is working to promote gender equality and the empowerment of women and girls (SDG5), which is a goal in all components of BHOS policy. This agenda has four targets.

1. **Increase women’s participation in political and other decision-making and women in leadership**

   Women must be part of decision-making in society and in politics. The government supports organisations for women and led by women. These include Funding Leadership and Opportunities for Women (FLOW), which supports women’s leadership and strengthens political participation, economic empowerment and resilience against violence. Another example is Leading from the South (LfS), a programme that supports women’s organisations in the global South working for equal rights for women and for the removal of obstacles to their political and economic participation.

2. **Increase economic empowerment and improve the economic climate for women**

   The government is stepping up its efforts to make work and education possible, accessible, safe and financially feasible for women and girls in developing countries, and is promoting female entrepreneurship. It will explore ways of promoting the position of women in the economy and international trade worldwide, in line with international initiatives.

3. **Prevent and eliminate violence against women and girls**

   The Netherlands will devote greater attention to violence against women in all areas of policy, by examining risks and opportunities and adjusting policy implementation where necessary. The government supports organisations that work to address unequal power relations between men and women and to prevent and combat violence against women and girls. Men and boys are

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28 For the government’s efforts at national level, see the Policy Document on Equal Opportunities 2018-2021, Principles in Practice (Parliamentary Paper 30420-270).
involved in these efforts, as are local and religious leaders. Without them, any structural change in gender norms and relations is not possible. FLOW and LfS are contributing to this, as is the National Action Plan for implementation of resolution 1325 (NAP).29

4. Strengthen the role of women in conflict prevention and peace processes, and protect them in conflict situations

In situations of crisis and conflict, the Netherlands supports the fully fledged participation of women in peace talks and missions. It is also stepping up its efforts to protect and empower women, and improve their access to sexual and reproductive health and rights in emergencies and humanitarian crises (in line with the 2016 Humanitarian Summit Commitments and UN Security Council resolution 1325).

Gender diplomacy and women at the negotiating table
The Netherlands is an international advocate of gender equality and the empowerment of women and girls. On International Women’s Day, the Netherlands called on the members of the UN Security Council to send female delegates. This diplomatic effort will be strengthened by including the interests of women and girls in political consultations on all areas of policy. This applies specifically to the role of women in preventing conflict and in peace negotiations, a priority for the Netherlands’ membership of the UN Security Council in 2018.

Gender mainstreaming
The Netherlands is making good progress with gender mainstreaming and wants to take further steps in this area. The government aims to make gender results in the different policy areas more transparent.

29 The NAP is a joint project by government ministries, universities and 50 Dutch civil society organisations.
2. Investing in stability and poverty reduction
“The 2030 Agenda for Sustainable Development contains the blueprint of the common vision of society towards which the world is trying to move. Inclusive and sustainable development not only is an end in itself but also happens to be the best defense against the risks of violent conflict. The 2030 Agenda also contains the promise to leave no one behind in the quest to build such societies.”

*Source: Peacebuilding and sustaining peace, Report of the Secretary-General of the UN, January 2018*

Contributing to poverty reduction and inclusive and sustainable development in line with the 2030 Agenda for Sustainable Development is an end in itself. It is also the best way to tackle instability and reduce the risk of armed conflict. In support of various objectives, including prevention, the government plans to devote more attention, including financial and diplomatic resources, to the unstable regions in Europe’s vicinity: the West African Sahel, the Horn of Africa, and the Middle East and North Africa. These efforts to promote stability, poverty reduction and inclusive growth, carried out in cooperation with the countries concerned, aim to offer people better prospects for a decent and safe existence in their own countries. As such, they also amount to a long-term investment in preventing irregular migration. Wherever possible, the Netherlands operates at EU level and in cooperation with other partners in order to increase its effectiveness in this area.

**Action items for stability and poverty reduction**

- The West African Sahel, the Horn of Africa, and the Middle East and North Africa will become the new focus regions of Dutch development policy.
- New programmes supporting general and vocational education, employment and the rights of women and girls will be established in the focus regions.
- Existing efforts in the fields of food and agriculture, water and public health will increasingly target the focus regions.
- Working on the basis of integrated policy, we will invest in the development of just and peaceful societies.
- We will make a substantial contribution to the reception of refugees in the region of origin and cooperation in the field of migration.
- We will expand our activities in the field of emergency aid and active humanitarian diplomacy.
2.1 Education, work and freedom of choice for women and girls

Investing in education

As part of its efforts to tackle root causes of poverty and instability and improve young people’s prospects, the Netherlands plans to expand its activities in the field of general and vocational education in the focus regions. Relevant education increases employment and income opportunities and freedom of choice for young women and girls.\(^\text{30}\)

Access to education has improved significantly in developing countries. However, many children still do not go to school, or if they do often learn too little, particularly in the poorest countries and fragile states.\(^\text{31}\) Education has a positive impact on economic opportunity: one additional year of education translates to a 10% increase in individual income – and in fact 20% in the case of women and girls. Better education is good for the economy.\(^\text{32}\) Education helps to counteract child labour. In Sub-Saharan Africa, girls who have received education have 50% fewer children. Girls who go to school are also less likely to fall victim to child marriage and domestic violence.\(^\text{33}\)

Basic education and education policy

The Netherlands plans to support education policy in developing countries by investing new funds through the Global Partnership for Education (GPE). These funds will be deployed chiefly in countries that are lagging behind, such as those in the Sahel and the Horn of Africa. The GPE was established by the Netherlands and other countries in 2002 and has since helped more than 60 countries improve and implement their education plans. Thanks to GPE programmes, between 2002 and 2015 some 72 million more children entered basic education and a higher proportion of children completed primary school. For example, the proportion of girls that completed primary school rose from 56% to 74%.

Other efforts in the field of education are being implemented through Education Cannot Wait and by incorporating education more effectively into other programmes (see also section 2.4 Reception and protection in the region of origin and cooperation on migration).

Vocational education

Basic education is important, but it is not enough. The Netherlands therefore plans to support general and vocational education in the focus regions with a view to improving young people’s prospects in the local labour market. In doing so, it will devote particular attention to girls. The focus will be on vocational education, from basic trade skills to technical education, including agricultural training and the teaching of digital skills. Work-study programmes, in which young people gain practical experience

\(^{30}\) Motion submitted by Kirsten van den Hul MP and others, Parliamentary Paper 34775 XVII, no. 32.

\(^{31}\) In total, 250 to 300 million children do not go to school. In Education matters: Policy review of the Dutch contribution to basic education 1999–2009, the Ministry of Foreign Affairs’ Policy and Operations Evaluation Department (IOB) concluded that Dutch support for basic education in developing countries had been effective but also that there was still ‘unfinished business’.


\(^{33}\) IOB, Premises and Promises: A study of the premises underlying the Dutch policy for women’s rights and gender equality, 2015.
Use of laptops at school in Nairobi
Photo: Visum/Internationaal/ De Beeldunie
at companies alongside their studies, are also important. The Netherlands will support vocational education in places where it also supports productive activities and young entrepreneurs. The Orange Knowledge Programme focuses on strengthening higher and secondary vocational education. In line with the coalition agreement, the Netherlands will increase the number of grants awarded to young people from the new focus countries (Lebanon, Jordan and Iraq) under the Netherlands Fellowship Programme and the MENA Scholarship Programme.

**Employment and income**

The government is devoting more resources to creating employment and income opportunities for young people and women in the focus regions, as part of its policy on private sector development and its efforts to tackle root causes.

High levels of youth unemployment and low-paid work that does not match the ambitions of many young people are a growing problem in Africa and the Middle East. Between 2015 and 2050, the number of African people aged between 15 and 24 will double to more than 460 million. According to the World Bank, the Arab region needs at least 24 million new jobs over the next decade just to prevent further rises in unemployment. In the absence of structural economic improvements, employment growth will continue to lag behind population growth in these regions.

The Netherlands wants to help more young people and women in the focus regions find stable employment and regular income. New jobs are being created by supporting SMEs and other enterprises with growth potential, and by encouraging young people and women to start their own businesses. Offering improved access to financing, means of production and markets is a key factor in this regard. In Africa in particular this involves strengthening and modernising the agricultural sector, which has the most to offer in terms of employment and development. Supporting farms with better seeds, irrigation, storage and logistics, land rights and business skills is essential and may help slow migration to the city. The Netherlands is also leveraging the opportunities offered by information and communications technology (ICT) to increase employment and entrepreneurship among young people and women. Our wider policy on private sector development (see chapter 3) also devotes additional attention to creating employment and income opportunities in the focus regions.

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34 UN World Population Prospects 2017.
35 Motion submitted by Joël Voorwind and Anne Kuik MPs, Parliamentary Paper 34775 VII, no. 37.
36 Partly in the framework of the implementation of the motion submitted by Achraf Bouali MP on strengthening cooperation with Morocco on development aid and trade, Parliamentary Paper 34725 XVII, no. 14.
Employee at Ubbink Solar panels in Kenya
Photo: Rijksdienst voor Ondernemend Nederland
**Inclusive finance**
Globally more than two billion people are still excluded from all formal financial services, including payments, savings, insurance, credit and pensions. In developing countries, only 65% of women have a bank account, compared with 77% of men. This percentage is even lower in the poorest households.\(^{37}\)
Access to financial services is crucial to a better existence.
In the framework of its BHOS policy, the Netherlands is investing in funds and technical assistance to enable more people – especially female and young entrepreneurs – to gain access to such services. Technological advances are helping: mobile banking is expanding in many developing countries. The associated costs are low and access is relatively easy to arrange, even in rural areas and in the case of refugees and displaced persons. We are also investing in the development of new financial products for vulnerable groups in developing countries, such as pension schemes for the informal sector and insurance against illness and failed harvests.

**Freedom of choice and improved access to contraceptives**

*The Netherlands is investing in freedom of choice in matters of sexuality, health and family size. In West Africa in particular we intend to contribute more resources to improving access to contraceptives for women and girls.*

Freedom of choice in matters of sexuality and family size allows women to control their own futures
In developing countries, 214 million women who wish to avoid pregnancy have no access to modern contraceptives. As a result of this unmet need,\(^{38}\) they cannot decide to postpone their first pregnancy or avoid a rapid succession of pregnancies. Moreover, women and girls are unable to adequately protect themselves against HIV. All in all, they have fewer opportunities to organise their lives in a way that allows them and their children to develop their full potential.

Responding to the demand for information and contraceptives
In most parts of the world, including developing countries in Asia, population sizes are effectively stable. Economic progress, education and public investment in sex education and contraception have contributed in this regard. The big exception is Sub-Saharan Africa. The population of some regions, including the Sahel, is predicted to triple in size by 2050. A few African countries, such as Ethiopia and Rwanda, have started to improve access to contraceptives. Various governments in West Africa are also considering their options. By responding to the demand for contraceptives and sex education, governments can help advance sustainable development in their countries.

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\(^{38}\) WHO, *Family Planning/Contraception, factsheet, 2018.*
Investing in Global Prospects

The Netherlands is investing in sexual and reproductive health and rights (SRHR) and HIV/AIDS prevention on the basis of an integrated approach:

- Access to information and resources: sex education, contraceptives, safe pregnancy and delivery services and, where necessary, safe abortions and antiretroviral drugs.
- Access to preventive medicine and medical care without discrimination on the basis of gender, sexual orientation or profession, including for refugees and displaced persons and in crisis situations.
- Ensuring SRHR for stigmatised groups, including sex workers, LGBTI persons and men who have sex with men.
- Preventing and punishing domestic and sexual violence, child prostitution and abuse in the sex industry; combating discriminatory practices such as gendercide and child marriage.

40 Motion submitted by Achraf Bouali MP and Kirsten van den Hul MP, Parliamentary Paper 34775 XVII, no. 31.
To this end, the Netherlands supports several international organisations, including WHO, UNFPA, UNAIDS, UNICEF, GAVI (Vaccine Alliance) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), as well as various NGOs. We also fund research and innovation and run embassy programmes aimed at strengthening the health sector. In the field of humanitarian aid, we promote access to sexual and reproductive healthcare and implementation of the Minimum Initial Service Package (MISP) for Reproductive Health in Crisis Situations.

As of 2018, as part of its increased spending on SRHR, the Netherlands is contributing to the Global Financing Facility in Support of 'Every Woman Every Child' (GFF). The GFF finances government plans to improve the health sector for mothers, children and adolescents. By participating in the GFF, governments are able to strengthen their policies in the field of contraception, sex education, HIV prevention and prevention of gender-based violence. In addition, the Netherlands raises sensitive issues, such as sex education, sexual and reproductive rights and abortion, in its political and diplomatic dealings with other countries. In this context, we make use of the Netherlands’ substantial network of contacts, including SheDecides, a movement created and supported by the Netherlands.41

2.2 food security, agricultural development and water

**Better nutrition and climate-smart agriculture**

The Netherlands is making an important contribution to combating hunger and malnutrition and improving agricultural productivity. Millions of children are enjoying better nutrition, while millions of men and women farmers are benefiting from improved production methods and market access. Employment is being created in the agricultural sector. New and existing Dutch programmes will increasingly target the focus regions.

**Agriculture**

Agriculture is the principal economic sector in many developing countries. Investment boosts local employment, which has a positive impact on prosperity and stability there. Moreover, developing agriculture that focuses on the production of food is key to the sustainable eradication of hunger. Worldwide, however, more than 500 million commercial and family farms have to contend with very low productivity and revenues, owing to a lack of means of production, knowledge and market access, particularly in Sub-Saharan Africa. With its advanced agricultural knowledge and capacity for innovation, the Netherlands can play a key role in developing agriculture around the world.

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41 Motion submitted by Lodewijk Asscher MP and Lilianne Ploumen MP, Parliamentary Paper 34775, no. 29.
Innovative approach to land rights
Better land rights and effective land administration are essential preconditions for achieving at least half the SDGs and the Paris climate goals. Many original residents and land users are being driven from their land, especially around fast-growing cities, infrastructure projects and large-scale agricultural schemes. This is often due to inadequate legal protection. Setting up land registries is a key step towards improvement, as are a reliable judiciary, fair inheritance laws and transparent governance.

The Netherlands plays a leading role in the worldwide promotion of better land rights. To this end, we participate in innovative coalitions of governments, businesses, financial institutions, civil society organisations and universities. Examples include the Netherlands Land Academy (LANDac), the Land Dialogoog (Land Dialogue) and the Food and Land Use Coalition. Together with civil society organisations and local governments, agencies such as the Dutch land registry (Kadaster) and the universities of Groningen, Utrecht, Wageningen and Twente are promoting an innovative approach aimed at increasing legal certainty in matters concerning land rights and land administration.\(^{42}\) Interventions in various countries, including Senegal and Kenya, have shown that better land rights, especially for women and young people, can have a positive impact on self-reliance, productivity and employment.

In collaboration with the Ministry of Agriculture, Nature and Food Quality, the government is working with local, international and Dutch partners on innovative, climate-smart solutions to boost productivity and revenues. Climate-proofing agriculture is a key aspect of the national climate plans of many developing countries. Every year, millions of men and women farmers receive training, advice, improved seeds, inputs and financial services. In response to rapid urbanisation and the increased demand for food and jobs, the Netherlands will support the development of businesses in labour-intensive sectors, such as vegetable farming. We will continue to invest in strengthening farmers’ organisations, land rights and agricultural research. The Netherlands wants to double the productivity and revenues of at least eight million farms by 2030.

In the Sahel, the Horn of Africa and the MENA region, the Netherlands will help crop farmers and livestock farmers resist the effects of climate change through innovative programmes such as Geodata for Agriculture and Water (G4AW) and Toward Sustainable Clusters in Agribusiness through Learning in Entrepreneurship (2Scale). In the Sahel region, efforts in the field of agriculture will go hand in hand with support for better water management and the rehabilitation of degraded land (see box below).

Hunger and malnutrition
The number of people living with hunger has declined in recent decades, but climate change and conflict now threaten to cancel out past successes. Particular attention should be devoted to the 150 million young children who suffer irreversible physical and mental damage (stunting) as a result of malnutrition. Acting in collaboration with organisations such as UNICEF and the Global Alliance for Improved Nutrition (GAIN) and through embassy programmes, the Netherlands provides millions of undernourished children

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\(^{42}\) See [http://www.landgovernance.org](http://www.landgovernance.org) and [https://www.kadaster.com/nl/-fit-for-purpose-land-administration](https://www.kadaster.com/nl/-fit-for-purpose-land-administration).
Innovation in horticulture
Investing in Global Prospects

with nutritionally enriched food. By supporting local food production, it aims to improve the local food supply and promote the consumption of healthy food in order to combat malnutrition in a sustainable manner. The Netherlands aims to permanently lift at least 32 million people out of malnutrition by 2030.

**Combined efforts in the field of nutrition, agriculture, water and climate action around cities in the Sahel**

The Netherlands plans to set up integrated programmes in the field of food security, water and climate action around small urban growth centres. Rapid urbanisation not only poses huge challenges but also creates opportunities. For example, it gives rise to larger markets for goods and services, and thus to employment and income opportunities, including for people working in the informal sector.

**This integrated approach focuses on:**

- Access of vulnerable groups to basic services: food, drinking water and sanitation, and renewable energy. This contributes directly to the realisation of Dutch ambitions for 2030 in relation to SDG 2, SDG 6 and SDG 7.
- Employment and income opportunities, especially for young people (SDG 8). Interventions focus on improving earning capacity from irrigated horticulture, the processing of agricultural products and market development. Young men and women are being introduced to innovations such as efficient irrigation methods and mechanisation, in part to make this kind of work more attractive. Legal certainty in matters relating to land rights is vital in this context.
- Sustainability of rain-fed farming and livestock raising (SDG 2). Efforts in this area focus on increasing market orientation and reducing vulnerability to land degradation and climate change. Where possible, activities will be aligned with the African-led Great Green Wall Initiative against land degradation and desertification.43
- Protection against flooding, water scarcity and water pollution in and around small urban growth centres: water collection and reuse, better drainage and waste water purification aimed at making such centres more liveable. These efforts correspond to SDG 6 and SDG 13.

The Netherlands’ guiding principle is to work with local institutions, so that activities can be continued after funding has ended. Implementation is largely in the hands of organisations with a proven track record in the Sahel and builds on existing initiatives, such as those of the SNV Netherlands Development Organisation, the International Fund for Agricultural Development (IFAD), the International Fertilizer Development Center (IFDC) and UNICEF. Coordination is carried out through existing mechanisms (such as G5 Sahel and the Sahel Alliance). Upscaling is achieved by partnering with larger initiatives managed by the EU, the UN and the development banks.

A similar integrated approach will be applied in the Horn of Africa, adjusted to the specific context. In the Arab part of the focus regions, the emphasis will be on innovative farming methods using less water and energy and the transition to renewable energy.

43 Motion submitted by Isabelle Diks MP and others, Parliamentary Paper 34775 XVII, no. 22.
Water management, drinking water and sanitation

The Netherlands is using its knowledge and expertise in the water sector to improve sustainable water management, drinking water and sanitation in the focus regions.

Increased demand for clean water, coupled with reduced availability, poor governance and climate change, has given rise to a chronic water crisis. Half a billion people already face long-term water scarcity, particularly in the Sahel, the Horn of Africa and the Arab region. Densely populated river deltas have to contend with flooding, subsidence and salinisation. This poses a threat to farming, livestock raising and the energy supply, as well as to security and stability.

Sustainable water management

The Netherlands is internationally renowned for its innovative solutions aimed at protecting people and infrastructure against flooding, water scarcity and water pollution. Many countries need support to enhance their knowledge of such solutions and strengthen the necessary institutions and infrastructure. To this end, the Netherlands is working with regional, national and local water management agencies, as well as with development banks, the UN’s Food and Agriculture Organization (FAO), knowledge institutions, civil society organisations and businesses. For example, we are assisting Bangladesh with solutions based on sustainable ecosystem management, while Blue Deal facilitates multiyear partnerships between the Dutch water authorities and foreign partners.

Programmes in water-scarce countries such as Mali focus on more efficient water use in agriculture and the collection, storage and reuse of water. The Netherlands continues to support regional river basin organisations for the Nile, the Senegal River, the Niger River, Lake Chad and the Zambezi. In addition, it is developing the Water, Peace and Security Initiative (WPSI), which aims to act as an early warning system for potential water-related conflicts, mobilise parties to resolve disputes and prevent escalation, and improve negotiating skills in order to share available water resources more equitably. The Netherlands specifically supports the participation of women in the prevention and resolution of water-related conflicts (women in water diplomacy). In our trade relations and cooperation with the private sector, we also advocate water conservation and measures aimed at combating pollution, especially in landscapes that combine high natural and economic value.

Cooperation between the Ministry of Foreign Affairs and the Ministry of Infrastructure and Water Management, the Ministry of Agriculture, Nature and Food Quality and the Ministry of Economic Affairs and Climate Policy on urban deltas – and their hinterlands – will continue (International Water Ambition 2016). In fifteen countries, we are promoting safe deltas, thereby contributing to food security (SDG 2), climate action (SDG 13) and sustainable cities (SDG 11).

Water, sanitation and hygiene (WASH)

The Netherlands remains committed to achieving access to safe and affordable drinking water for 30 million people (SDG 6.1) and access to adequate and equitable sanitation and hygiene for 50 million people (SDG 6.2). Better sanitation in schools contributes to greater participation of girls in education. In addition, we are working to reduce the risks to institutional investors (such as pension funds) in
connection with investments in water infrastructure projects. In 2018, the first investment bonds focusing on local drinking water companies will be issued in Kenya.

The Netherlands is devoting extra attention to the impact of water scarcity on access to drinking water, especially in the Sahel and the Horn of Africa. In this context, we are strengthening the links between WASH, improved river basin management and the preservation of ecosystems such as rivers and wetlands. In addition, we are encouraging women and other vulnerable groups to participate, with assistance from local civil society organisations, in the design, implementation and management of WASH projects. In the focus regions, we are examining the scope for raising capital locally to fund essential infrastructure development.

### 2.3 Just and peaceful societies

Through various measures, such as strengthening the rule of law and supporting peace processes, the Netherlands wishes to contribute to the prevention and durable resolution of conflicts. Depending on the situation in a country, this may involve action to improve the immediate safety of civilians, peace talks, conflict mediation or capacity building in judicial and democratic institutions. The guiding principle in this area is SDG 16 (peace, justice and strong institutions).

The rule of law and a legitimate government are essential to sustained socioeconomic development, stability and security. These conditions are lacking in several of the countries in the focus regions. Their justice and public administration systems are often weak and in some cases primarily serve the interests of the ruling elite, without paying much attention to the rights and needs of the population as a whole.

The key to improvement lies in the countries themselves. Change and reform must come primarily from the government and/or key local non-state actors. The Netherlands supports these processes together with partners such as the EU, the UN, the World Bank and non-governmental actors. The main objective is to promote legitimate and stable regimes in which citizens feel represented and safe.

**Strengthening legal systems and ensuring public safety and security**

The Netherlands supports efforts to strengthen the rule of law, so that citizens are better able to seek legal redress. That means having access to legal remedies not only in regard to everyday disputes concerning family, work or property, but also when it comes to criminal offences and human rights violations. In Mali, for example, the entire criminal justice system is under review, from the police and the courts to prisons, at both local and national level. In countries where serious human rights violations are taking place, such as Iraq and Syria, the emphasis is on gathering evidence so that prosecutions may be brought in the future. At international level, the Netherlands will play a leading role in the International Task Force on Justice alongside Sierra Leone and Argentina.

Human security requires well-functioning security services, including local and national police and the military, that offer genuine physical protection to all groups in society. The Netherlands is contributing
in this area and seeks to ensure that these services are accountable to the public and parliament. As in previous years, we are investing in the demining of former conflict areas. This helps ensure that people can safely return to their communities and resume their lives.

**Peace processes and legitimate government**

When it comes to promoting peace processes, the emphasis is on supporting those that go beyond mere political agreements. Peace can only last when the grievances of all parties have been heard and trust between the public and the state (the social contract) has been restored. In southern Somalia, for example, the Netherlands is focusing on young leaders with a view to involving them in making the country more secure. We also support the professionalisation of political parties and parliaments, so that they become more receptive to the voices of women and young people. Local government is essential to restoring trust between the public and the state. Over the next few years, the Netherlands will devote more effort to strengthening civil participation in local decision-making processes, so that citizens feel represented and heard. The ability of culture to connect people can play a key role in this regard.

**Preventing radicalisation**

The Netherlands is stepping up programmes targeting groups that are most susceptible to joining violent extremist organisations. Examples include projects in central Mali aimed at increasing young people’s involvement in decision-making processes. In Tunisia, efforts will focus on identifying alternative prospects for marginalised young people and building trust between them and the local security authorities. At the same time, in the framework of the aforementioned policies on education, employment, agriculture and water, attention will be paid to conflict prevention and susceptibility to violent extremism.

**Integrated approach**

In countries where the security of civilians is threatened on a large scale, the Netherlands remains a reliable partner that provides protection by contributing in equal measure to peace missions and crisis management operations, as indicated in its Integrated International Security Strategy. Where possible, we pursue an integrated approach when working to promote legitimate and stable regimes and peace processes. This involves deploying development cooperation, diplomacy and defence-related, judicial and police efforts in the most coordinated way possible. In the past few years, the Netherlands has employed this approach in various countries, including Afghanistan and Mali. It recently joined the G5 Sahel initiative, in which Burkina Faso, Mali, Mauritania, Niger and Chad are tackling cross-border security problems with the help of the EU and several of its member states (including France and the Benelux countries), the African Union and other partners. The Netherlands supports the G5 Sahel joint military force, while emphasising the importance of human rights and civil-military cooperation.

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44 These programmes are being carried out in cooperation with the Netherlands Institute for Multiparty Democracy (NIMD) and the International Cooperation Agency of the Association of Netherlands Municipalities (VNG International).
46 It is important, for example, that education is also used to promote a culture of peace and acceptance of diversity, in line with SDG 4.7.
In the coming years the Netherlands will step up its commitment to the integrated deployment of civil and military policy instruments in the field of conflict prevention and the pursuit of lasting peace. The Netherlands’ Integrated International Security Strategy and revised Defence White Paper provide an excellent starting point in this regard.

**Conflict sensitivity**

One of the main causes of violent conflict is that groups feel excluded from decision-making, power, opportunity, justice and security. The Netherlands’ efforts in fragile regions are therefore based on a ‘conflict-sensitive’ approach. Joint analyses (with other donors and institutions) that also focus on gender-related issues are important in this context. The aim is to take better account of the unintended effects of interventions on all groups in society and ensure that interventions do not fuel or reignite existing conflicts. In Ethiopia, for example, local consultants prepare social impact analyses in connection with support for investment in the agricultural sector. The aim is to gain a better understanding of local grievances, for example concerning land rights. Conflict-sensitive policy requires better identifying the risks associated with conflict and instability (early warning) in order to address them without delay (early action).

2.4 Reception and protection in the region of origin and cooperation on migration

**Reception and protection in the region**

Reception and protection in the region of origin of refugees and vulnerable migrants will become a regular component of BHOS policy. In line with the coalition agreement, a relatively large share of additional funding will be channelled to this area. Refugees and displaced persons around the world, whose numbers continue to grow, usually seek protection close to home. Thus, for example, Syria’s neighbouring countries have received 5.4 million refugees, the Horn of Africa is home to 3.2 million refugees and 2.5 million Afghan refugees have left their country. Many seek refuge in cities and villages instead of refugee camps, chiefly because there are more employment opportunities there. An international consensus has emerged on the need for a new approach: instead of prolonged and fruitless reception in camps, refugees should be given the opportunity to build lives for themselves in host countries until they are able to return home.

However, this puts pressure on the local host community, government services and the local economy. It is therefore advisable to invest in host communities and monitor the impact on social cohesion. Countries such as Jordan, Turkey and Ethiopia have shown themselves willing to grant refugees more leeway to participate in local society. To this end, they are requesting closer international cooperation.

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48 This approach is also apparent in the New York Declaration for Refugees and Migrants of September 2016 and the Comprehensive Refugee Response Framework that forms part of it.
The Netherlands has supported several programmes in this area in recent years (at both national and European level) and will henceforth participate in such efforts in a more structured way.49

In line with the coalition agreement, a relatively large share of the additional funding will be deployed in this area (€128 million per year). The basic principles underlying this investment are respect for human rights, the use of local frameworks and, where possible, innovative funding mechanisms and cooperation with the private sector. The Netherlands supports programmes targeting the following issues.

**Education for child refugees**
More than 3.5 million child refugees between the ages of 5 and 17 have no access to primary or secondary education. They risk becoming a lost generation. The Netherlands therefore supports education programmes for refugee children in Jordan and Lebanon and plans to expand them to Iraq and the Horn of Africa. The emphasis is on providing young people with better opportunities in the labour market by offering relevant general and vocational education, with a particular emphasis on girls.

**Access to services**
To prevent undue pressure on local services, such as healthcare, water, electricity and refuse collection, such services need to be expanded in areas hosting large numbers of refugees. The Netherlands regards the World Bank and the EU as key partners in this regard. In addition, we are working with organisations that help host communities integrate services for refugees into their planning.

**Employment and income opportunities for refugees and vulnerable host communities**
By offering vocational training and courses, the Netherlands encourages local businesses to employ refugees. We also provide targeted support to startups and social enterprises and fund improvements in sectors that employ large numbers of refugees, such as agriculture and horticulture. Trade missions and instruments for private sector development can also be useful in this area.

**Protection of vulnerable groups**
Particularly in situations involving instability and long-term displacement, certain vulnerable groups require additional humanitarian and other assistance to ensure they receive a humane reception. These groups include minorities at risk of persecution (such as LGBTI persons), victims of sexual violence and children (who may be exposed to child labour and child marriage). Protection must form an integral part of any programme funded by the Netherlands, whether bilaterally or multilaterally.

49 The Netherlands coordinates the European Regional Development and Protection Programme (RDPP) in the Horn of Africa and is leading a large-scale evaluation to determine its effects.
Cooperation on migration
Over the next few years, the Netherlands will devote more resources to cooperation on migration with third countries as part of its integrated approach to irregular migration. Priorities include protecting human rights, preventing irregular migration, combating people smuggling and human trafficking, improving border controls and promoting return and reintegration. Efforts will focus in particular on the main countries of origin and transit in North Africa, the Middle East and Western Asia, the regions that exert the greatest migration pressure on the Netherlands.

Dutch policy on migration cooperation with third countries is being formulated by the Ministry of Foreign Affairs in collaboration with other ministries, such as the Ministry of Justice and Security and the Ministry of Defence (including the Royal Military and Border Police). The Netherlands supports programmes combating exploitation, abuse, violence and sexual violence against regular and irregular migrants along key migration routes, for example in Niger and Libya, with a particular focus on women and girls. In Nigeria, Tunisia, Egypt and other countries, the Netherlands is training the immigration service and the judicial sector to combat the criminal networks involved in people smuggling and human trafficking more effectively. We are also mounting information campaigns in countries of origin to warn potential migrants about the dangers of irregular migration.

Through programmes carried out under the auspices of the International Organization for Migration (IOM), the Netherlands is assisting with the voluntary return and reintegration of many regular and irregular migrants stranded in North African transit countries. These programmes provide them with a way out of their difficult situation and an alternative to the dangerous crossing to Europe. The Netherlands is working closely with its EU partners in this area and contributes through various mechanisms, including the EU Emergency Trust Fund for Africa.

We promote the voluntary return of irregular migrants who are no longer legally resident in the Netherlands. The Netherlands aims at wide-ranging cooperation with countries of origin at both bilateral and EU level, including clear agreements on return. Where international cooperation with safe third countries is concerned, the guiding principle – as in the case of forced return – is ‘more for more and less for less’. Both positive and negative incentives will be used to encourage countries of origin to readmit their nationals. Possible measures include providing or withholding development aid, as well as granting or denying the visa applications of the country’s residents, including government officials and high-level figures, or granting or denying landing rights for airline flights from the country. These policy measures are set out in the government’s letter to parliament on integrated migration policy (Parliamentary Paper 19637, no. 2375).
Global compacts

Negotiations and consultations are taking place at the UN with a view to the adoption of a Global Compact for Migration and a Global Compact on Refugees. The compacts will include non-legally binding agreements in the field of migration, reception of refugees and the regulation of these issues. The basic premise is that both compacts should build on existing arrangements, including the obligations that apply to states. The negotiations on the two UN compacts are scheduled for conclusion in autumn 2018.

2.5 Emergency aid and humanitarian diplomacy

The humanitarian aid budget will be raised in response to the sharp rise in the number of refugees and displaced persons. The Netherlands is actively involved in reforming and innovating emergency aid and in diplomacy aimed at compliance with international humanitarian law.

Due to a proliferation of conflicts, the number of humanitarian emergencies has risen rapidly in recent years. In 2013, 51 million people in 16 countries required critical humanitarian aid, and the UN requested $8.5 billion to help them survive. In 2018, this figure has risen to 105 million people in 37 countries, and the UN is requesting $22.5 billion. In response, the Netherlands is raising its humanitarian aid budget by €162 million a year to €367 million a year.

The increase in humanitarian emergencies and the rising cost of humanitarian aid are largely due to the continuation and intensification of several long-term, conflict-related crises. The principles on which emergency aid is founded – the humanitarian imperative (the right to provide and receive life-saving assistance), the humanitarian principles (humanity, neutrality, impartiality and independence) and compliance with humanitarian law – are under pressure. Aid workers are denied access or are targeted, and starvation of the civilian population is used as a weapon of war (see box). Humanitarian diplomacy, which seeks to guarantee human rights, international humanitarian law and compliance with humanitarian principles, is thus becoming increasingly important. The Netherlands is doing its utmost to ensure compliance with these norms and will draw attention to their violation and the consequences thereof.

Humanitarian law: enforcement and compliance

Armed conflicts in countries such as South Sudan, Syria and Yemen have led to severe food shortages. In some cases, starvation and the destruction of crops and water sources are used as a deliberate war tactic. The Netherlands has called for joint action in the Security Council, such as reaffirming international humanitarian law and calling violators to account. The crime of starvation must be consigned to the past. To this end, besides applying continuous pressure on warring parties to grant access to aid organisations, international law needs to be strengthened. In actual and potential conflict areas, moreover, the Netherlands will strive to provide food and water to people and better anticipate risks that can lead to food and water shortages. Key partners in this area include the Netherlands Red Cross, FAO and UNICEF.
The Netherlands works with partners that have a proven track record of providing relevant humanitarian aid. The UN, the Red Cross, the Dutch Relief Alliance and other partners can count on predictable and flexible funding in the form of multiyear, unearmarked contributions. This creates the best conditions for swift action and enhances our standing and influence with humanitarian aid organisations. The Netherlands also responds to specific UN requests for contributions in the case of long-term crises, including those in Syria, Iraq, Yemen, Afghanistan, the Horn of Africa, the Sahel, the Great Lakes region and the Rohingya crisis in Myanmar. The Netherlands also wants emergency aid to be available to people in crisis areas that risk being forgotten. To this end, it is contributing to various initiatives, including the UN’s Central Emergency Response Fund (CERF) and an international network of national and international NGOs that was specifically established to assist in under-reported and underfunded humanitarian emergencies (Start Fund). In addition, the Netherlands will more frequently deploy capacity, experts and resources in support of humanitarian aid and civilian protection.

During the 2016 World Humanitarian Summit in Istanbul, the biggest humanitarian aid organisations and donors concluded an agreement – the Grand Bargain – on how to make the delivery of aid faster, more transparent and more effective. The Netherlands wants the parties to convert this agreement into action, specifically in the form of better assistance to victims of conflicts and natural disasters.

In all interventions, the Netherlands highlights the importance of gender equality and of devoting attention and specific programming to the needs of the most vulnerable groups, including children, the elderly and people with disabilities. This includes needs relating to mental health and social well-being. Women are often more vulnerable in humanitarian crises but nevertheless play a key role in providing protection and relief and maintaining family and social cohesion. The Netherlands believes it is important to involve women and girls in decision-making about and the implementation of aid programmes. We ensure that aid organisations employ a gender marker that tracks whether, in practice, the needs of women and girls are being considered in the analysis, planning and implementation of activities.

The Netherlands also attaches great value to a holistic approach to emergency aid that focuses not only on meeting primary needs such as water, food, shelter, medical care and protection but also on education, psychosocial support and, where possible, early recovery and restoring people’s livelihoods. The Netherlands is in favour of emergency aid that does not just mitigate urgent needs but also focuses on increasing people’s long-term resilience.

51 Motion submitted by Joël Voordewind MP and others on the Dutch Relief Alliance emergency aid coalition, Parliamentary Paper 34775 XVII, no. 36.
Refugees
Photo: Jan-Joseph Stok / De Beeldunie
A greater focus on psychosocial support

People fleeing war and violence initially require a safe environment with basic services. A simple human-to-human approach can often provide refugees from crisis situations with a considerable amount of psychological support. In some cases, however, this is not enough: deeply traumatised refugees require professional social and psychosocial support in order to be able to process their trauma and pick up their lives again. Humanitarian aid organisations are active in this area but often still lack the capacity and professional skills to help individuals who have suffered severe trauma. The Netherlands intends to deliver an additional push at international level to improve psychosocial support for traumatised refugees. We want to increase the supply of this specialised form of support using innovative and result-oriented financing mechanisms.

The Netherlands stimulates innovation in the humanitarian sector. Innovative forms of aid, such as cash assistance, pave the way for more efficient ways of supporting people in need and help reduce the growing financial cost of humanitarian action. The Netherlands focuses on sharing and analysing data in order to improve decision-making (at OCHA’s Centre for Humanitarian Data in the Netherlands), developing innovative funding solutions in order to streamline delivery (impact bonds) and supporting networks in order to stimulate and scale up new ideas.

Tackling inappropriate sexual behaviour and abuse

The development organisations that work with the Ministry of Foreign Affairs are expected to have – and properly enforce – an explicit and well-established code of ethics. This implies the existence of clear procedures to prevent inappropriate sexual behaviour and abuse, a reporting mechanism, a system of sanctions for offenders and a victim support framework. Most organisations have such a code or are in the process of tightening up existing rules. In order to promote proper enforcement, additional measures are currently being formulated. Examples include the external evaluation of codes and procedures (and of their enforcement), the appointment of an independent ombudsman in crisis areas, so that victims always have somewhere to turn, and the creation of an information system to prevent employees who have been found guilty of misconduct from finding work elsewhere.

The Ministry of Foreign Affairs will also review the internal procedures of development organisations, as it does in the case of financial risk analyses. In addition, it will introduce a reporting requirement for sexual and other misconduct for all organisations with which it collaborates.
3. Sustainable and inclusive growth worldwide
With its combined agenda for foreign trade and development cooperation, the government is working to achieve sustainable and inclusive growth in the Netherlands, in developing countries and worldwide – in line with international agreements on climate change and the SDGs. As a trading nation and partner in development, the Netherlands can contribute to sustainable and inclusive growth in other countries. The Netherlands aims to play a leading role in this respect, for example with our knowledge of climate adaptation and mitigation and the circular economy. And with our experience with corporate social responsibility and public cooperation with the private sector, which is indispensable if we are to achieve our ambitions. Sustainability and inclusiveness must be at the forefront of national, European and international agreements.

**Action areas for sustainable and inclusive growth worldwide**

- International climate action
- Mobilising the private sector for the SDGs
- A focus on digitalisation
- An integrated approach to value chain sustainability and corporate social responsibility
- Investing in a future-proof trade and investment system

**Policy coherence for development in the agenda for aid, trade and investment**

In 2016, at the request of the House of Representatives, an action plan was drawn up to promote greater systematic coherence between the various policy areas affecting development. The action plan comprises eight themes: trade agreements, investment protection, access to medicines, tax avoidance and evasion, sustainable value chains, the cost of monetary transactions, climate change and food security. The plan contains goals (linked to the SDGs), actions and indicators, and an annual progress report is submitted to parliament. The plan also ties in with EU policy on policy coherence. The 2017 OECD DAC Peer Review praised the Netherlands’ approach. We will continue with this policy and will present a modified action plan with new focus areas later in 2018. The emphasis will lie on areas that will help developing countries achieve the SDGs, and in which the Netherlands can make a difference.
3.1 International climate action

The Netherlands is a partner in the climate agreement concluded in Paris at the end of 2015. The signatories undertook to significantly reduce their greenhouse gas emissions. The government has set high national ambitions – by 2030, greenhouse gas emissions must be reduced by 49% compared with 1990 levels – and is fully aware that this will require far-reaching changes. Ambitions are also high at international level. Governments and the private sector in developed countries pledged jointly to invest 100 billion dollars a year in climate adaptation and mitigation in developing countries in the period from 2020 to 2025. After that, an even more ambitious effort is foreseen. That investment is crucial if we are to mitigate the negative effects of climate change on the progress of the SDGs, and on poverty and conflict. The Netherlands is active in many areas in helping developing countries adapt to climate change and achieve the energy transition. These efforts are coordinated with the countries’ national climate plans.

National funds for climate and development

The government is increasing its contribution to international climate financing. These additional funds will rise to €80 million per year, €40 million of which is to be allocated to a new national fund for climate and development. The fund focuses on financing climate projects in developing countries. To achieve the highest possible return on public contributions to climate funding, the fund will also act as a catalyst for private funds. The emphasis will be on climate adaptation, though projects aimed at mitigation are also eligible for support. The fund will be accessible for projects in all developing countries, with special attention paid to the poorest countries and focus regions. It will also be available to Dutch businesses. The aim is to make Dutch knowledge of water security, climate-proof agriculture, sustainable energy technology and the circular economy more accessible to developing countries. The fund will build on our experience of supporting the energy transition in Africa and the Middle East. We will make use of various existing and innovative forms of financing, including loans, guarantees and equity investments. The government will present the details of the fund in a letter to the House of Representatives in the second half of 2018.

Support for implementation of the Paris climate agreement

In addition, the Netherlands supports the Green Climate Fund (GCF), which is evolving into a central fund for implementation of the Paris climate agreement. We are also supporting the Global Environment Facility (GEF), which has been carrying out numerous climate-related projects since 1992, for example to preserve biodiversity and combat land degradation. The government will make substantial contributions to these funds in the coming years.

52 The national fund for climate and development is financed with an annual allocation of €40 million from the additional funding for development cooperation. In addition to the fund, the government is also allocating €20 million in 2019 and €40 million a year from 2020 for international climate funding. See chapter 6.
53 Motion submitted by Joël Voordewind MP and others, Parliamentary Paper 34775 XVII, no. 38.
FuturePump irrigation system, Homabay, Kenya
Photo: Hivos
Building knowledge in developing countries
Climate adaptation and mitigation are impossible without the active involvement of developing countries. For that reason, it is essential to build knowledge and capacity in these countries. The government is stepping up its support for various initiatives, including the NDC Partnership and the Climate and Development Knowledge Network (CDKN). We are exploring how the Dutch Planetary Security Initiative, which focuses on the link between climate change and security, can best be continued. We are also advancing knowledge of climate adaptation in developing countries through the Global Centre of Excellence on Climate Adaptation (GCECA), co-launched by the Netherlands in 2017. In addition, making Dutch knowledge and expertise on sustainable transport available can help developing countries set up climate-proof physical infrastructure.

Sustainable energy and combating deforestation
The government has set itself the aim of helping 50 million people in developing countries gain access to renewable energy by 2030. The Netherlands is supporting various programmes in this area, including the Energising Development Programme (EnDev). EnDev’s projects include solar energy and clean cookstoves. Together with the Netherlands Enterprise Agency (RVO.nl), we are developing an innovative programme focused on results-based financing. The Dutch development bank FMO is also playing an important role in financing private renewable energy projects through the Access to Energy Fund and by mobilising private capital through the Climate Investor One facility. To combat deforestation and offer small farmers in particular new economic prospects for the future, the Netherlands is supporting international initiatives like the EU Forest Law Enforcement, Governance and Trade (FLEGT) Facility and the EU Reducing Emissions from Deforestation and Forest Degradation (REDD+) initiative.

The role of women in climate action
Climate change has a higher than average impact on women. Women also play an important role in the energy transition. We are therefore working to ensure that gender factors are taken into account in our climate-related activities and those of our partners. To expand the market for solar energy in Kenya and Rwanda, for example, the Netherlands is supporting the training of women as specialised engineers and the establishment of women-led micro-financing groups through the Green Climate Fund. Through the Women Development Fund (WDF), we are helping women from developing countries to play a more effective part in the UN climate negotiations.
3.2 Mobilising the private sector for the SDGs

UNCTAD estimates that an extra $2.5 trillion a year needs to be invested to achieve the SDGs. Without the private sector, it will not possible to bridge this enormous expenditure gap and create the required hundreds of millions of jobs. On the positive side, private parties are seeing more and more possibilities for transforming the global challenges of the SDGs into innovations and new earning opportunities. However, the absence of a favourable business climate in developing countries is an obstacle for local and foreign businesses alike. It is often difficult to get cooperation off the ground, and financing is a problem. The government is therefore investing in infrastructure, building institutional capacity and trade facilitation in developing countries. We are also mobilising Dutch knowledge and expertise worldwide, and increasing the effectiveness of our financial instruments.

Strengthening the private sector is essential for development

In many developing countries a better business climate is needed. That will lead to structural improvements for local entrepreneurs and present opportunities to grow and diversify the economy. The aim is to increase productivity and promote economic growth that specifically helps increase the labour participation and prosperity of poor, vulnerable groups, measured in terms of jobs and disposable income. The countries in which we are active often have a substantial informal economy and a low score on the World Bank’s Doing Business Indicators.

Investing in conditions for entrepreneurship

The government is investing in five essential conditions for entrepreneurship. More and more local businesses, especially in the growing small and medium-sized enterprise (SME) sector, are gaining access to funding through the Netherlands’ investment in financial institutions. Dutch businesses, knowledge institutions and organisations like the Dutch Tax and Customs Administration are also helping achieve these aims. Through the PUM programme, senior experts are sent to developing countries to advise local entrepreneurs. Part of the government’s private sector policy involves promoting the integration of developing countries into global value chains. Trade, including at regional level, provides access to new markets, important sources of knowledge and the best factors of production available worldwide. The government therefore helps developing countries improve their customs services and supports initiatives like TradeMark East Africa, the West Africa Trade Facilitation programme and the Centre for the Promotion of Imports from Developing Countries (CBI). These programmes devote extra attention to the specific needs of SMEs, women and the informal sector.
With DGGF support, Novastar invests in Soko, a start-up company in Nairobi that develops IT-systems for jewel designers.

Photo: Rijksdienst voor Ondernemend Nederland
In the years ahead, our private sector policy will concentrate more specifically on the focus regions, and we will make additional investments in work and income for women and young people. The government will step up its support for building the capacity of national tax authorities. We will also strengthen our cooperation with foreign governments to introduce institutional reforms, focused on, for example, trade unions, employers’ organisations and agricultural cooperatives. We will allocate extra funds to encourage businesses (especially SMEs), by applying the successful Small Business Innovation Research (SBIR) tool and setting out various challenges, to apply their knowledge and expertise to develop new products and services tailored to local development needs.

**Innovative financing**

We are also developing new forms of innovative financing. Private investors will only invest in developing countries if the risk is acceptable in relation to the perceived return. This is a particular challenge in low-income countries, unstable regions and countries with debt problems. To improve the balance between risk and return, the government is making use of various forms of blended finance and impact bonds. We are doing this together with national and international financial institutions, private parties, multilateral partnerships and Western donors. Blended finance refers to joint public and private financing of a project. With impact bonds, private parties can invest in development programmes on the principle: ‘the greater the impact, the greater the return’. The Netherlands has experience with innovative financing in development policy. In recent years, a variety of new financial products have been introduced. One example is a guarantee facility of only €2 million, which has been
used to attract supplementary financing worth €60 million for doctors and health clinics in Africa. These funds have facilitated a significant improvement in healthcare.

**SDG partnership facility for food security and entrepreneurship**

Later this year the government will launch an innovative blended finance instrument worth €70 million for public-private partnerships focusing on food security (SDG2) and entrepreneurship (SDG8). The new instrument, which will replace the Facility for Sustainable Entrepreneurship and Food Security (FDOV), will enable 30 to 35 new partnerships to be created in the 2018-2025 period. Initially the aim is to challenge Dutch and foreign businesses and civil society organisations to work together to develop innovative proposals to increase the yield from agricultural production in developing countries, while reducing the use of natural resources, land, water and fertiliser. Proposals for promoting local employment and better working conditions are also eligible for support, especially those that focus on the position of women and young people. The new instrument aims to attract at least €70 million in private investment.

**Mobilising Dutch knowledge and expertise worldwide**

The government wants to use Dutch knowledge and expertise worldwide to help achieve the SDGs and to take advantage of new business opportunities. The SDGs call for both ‘minor’ and ‘major’ innovations. Minor innovations may include, for example, modifying existing technology to suit a specific context; major innovations could entail system-wide breakthroughs on energy and other transitions. The market for such innovations is growing rapidly. The Business and Sustainable Development Commission’s report *Better Business, Better World* predicts that the market value related to implementing the SDGs between now and 2030 will rise to $12 trillion. The Dutch business community also sees opportunities, for example the Dutch Sustainable Growth Coalition.

Thanks to its top sectors, the Netherlands is well positioned to contribute to integrated, creative and high-tech solutions to worldwide societal problems. Based on our specific strengths, the government wishes to focus on sustainable agriculture (SDG2), water (SDG6), healthcare (SDG3), logistics and transport (SDG9), smart cities (SDG11), sustainable energy (SDG7) and the circular economy (SDG12). We will also promote key enabling technologies like micro- and nanoelectronics, nanotechnology, industrial biotechnology, advanced materials, photonics, advanced manufacturing technology and ICT. This ties in with the top sector policy. It will require investment in innovation and research in the Netherlands, but also international cooperation with prominent high-tech businesses and knowledge institutions. In this way, we are able to strengthen our innovative capacity and our competitive position, while applying and marketing new insights and solutions for the SDGs worldwide. The government is therefore directing its economic diplomacy more specifically towards knowledge and international innovation cooperation and, with that in mind, is developing multi-annual programmes with public and private parties (see section 4.3).

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54 Motion submitted by Anne Kuik MP and others, Parliamentary Paper 34 775 XVII, no. 27.
Agricultural research
Photo: Serge Ligtenberg
Our aim is also to apply our knowledge and expertise in developing countries, in cooperation with local partners. These countries are often not at the top of businesses’ agendas, but can certainly use Dutch knowledge and expertise. We want to make support for these countries a permanent component of national agendas like the Dutch national climate agreement, and of multi-annual public-private programmes. This can be designed in a similar way to the interministerial programme Partners for Water, which is part of the International Water Ambition (IWA). The IWA focuses on water safety and security in urban deltas in Bangladesh, Colombia, Egypt, Indonesia, Myanmar, Mozambique and Vietnam.

Another good example is the Holland Circular Hotspot platform, part of the government-wide Circular Economy programme. Through this programme, we are supporting developing countries in making the transition to a circular economy, where possible by applying Dutch knowledge and expertise. We are exploring the earning opportunities for the Netherlands and how the Netherlands’ transition to a circular economy affects employment in developing countries. That entails assessing the resource consumption, $\text{CO}_2$ emissions and waste flows of two selected economic sectors, and then focusing on reuse, recovery and recycling. Through this programme, the Netherlands is also engaging with international public-private platforms like the Platform for Accelerating the Circular Economy (PACE), building an international coalition to support developing countries in the transition to a circular economy.
**Combating floods in Mozambique**

The Mozambican port city of Beira is prone to flooding as the result of cyclones and heavy rainstorms. The Netherlands is investing in the port, and has been working with the city authorities since 2011 to combat flooding. Dutch knowledge institutions and consultants are helping to analyse the problems and are working with local partners in Beira on solutions and financing. The embassy is assisting the mayor in coordinating international investors, while the International Cooperation Agency of the Association of Netherlands Municipalities (VNG International) and the Dutch land registry (Kadaster) are helping to make the city more effective and transparent. Little by little, these activities are improving the city’s living standards, investment climate and financial strength. In 2017, the port authority contracted Dutch dredging services at its own expense.

**Making financial instruments more effective**

The government is going to make its financial instruments more effective, so as to support Dutch and foreign private parties that wish to contribute to the SDGs. Although more and more businesses want to invest in socially relevant projects, it is difficult to find suitable financing. This may be because of uncertainty about the balance between risk and return, or about the long time that is often needed to recoup investments. An important step in improving access to financing for activities that the market does not yet provide is the establishment of Invest NL (see section 4.2). Invest NL is a new financing and development facility with its own capital of €2.5 billion for activities by Dutch businesses at home and abroad. Invest NL will also support the development of socially relevant projects with a grant of €19 million, €9 million of which will be allocated to international projects. The grant is intended to translate good ideas into concrete and bankable projects.

Invest NL finances and develops international activities and projects through a joint venture with the Dutch development bank FMO. The joint venture is entering into a partnership with the Netherlands Enterprise Agency (RVO.nl), and will also collaborate with the export credit insurance agency Atradius Dutch State Business. This will enable the further concentration of international knowledge and expertise. RVO.nl’s international financing instruments, including the Dutch Good Growth Fund (DGGF) and the Dutch Trade and Investment Fund (DTIF), are to be integrated into the joint venture, making international financing more accessible to entrepreneurs. The criteria of the DGGF will also be modified to enable tailor-made support to be provided to Dutch businesses that wish to operate in high-risk countries. The government is expanding the financing and support opportunities available to SMEs. Dutch investors, exporters and startups will obtain quicker service and, where necessary, technical assistance. With the establishment of the joint venture between Invest NL and FMO, the modifications to the DGGF, the introduction of the national fund for climate and development and the SDG partnership facility for food security and entrepreneurship, we are moving closer to achieving our broad goals and ambitions. We will explore ways in which financial instruments can further reinforce each other and see whether additional action is required to improve their functioning and governance. The results of this effort will be presented to the House of Representatives in autumn 2018.

55 See letter to parliament of 15 February 2018 on the design of Invest NL.
3.3 Focus on digitalisation

The use of digital technology creates unprecedented opportunities and can stimulate more sustainable and inclusive growth around the world. Digitalisation can speed up progress in achieving the SDGs and contribute to economic growth. To achieve this, the government is working through the BHOS agenda to achieve the required changes in the trade and investment system. We are encouraging digitalisation with a view to enhancing the Netherlands’ international earning capacity and as a means of supporting development. The BHOS agenda ties in with the Dutch Digitalisation Strategy.

Integrating digitalisation into the trade and investment system

The most important effect of digitalisation on world trade is the rapid growth of trade in services and data. However, the current multilateral agreements on trade in services and digital trade date from 1994, when the internet was still in its infancy. To facilitate trade flows and safeguard security, privacy and fair competition, international agreements need to be modified or new ones concluded. To ensure that Dutch businesses do not have to place data on local servers, or that personal details are not used illegitimately, the Netherlands is working through the EU on provisions to be included in bilateral agreements on cross-border data flows with third countries. We are also working to achieve net neutrality, which means that domestic and foreign service providers receive equal treatment in networks. Given the growing numbers of people buying products online, cross-border consumer protection also requires attention. In addition, the Netherlands is supporting the WTO’s efforts to survey the consequences of expanding worldwide e-commerce for the trade system, as was reaffirmed at the WTO ministerial conference in 2017.

Promoting technological innovation and digitalisation by the business community

The government wants the Netherlands to play a leading role in digitalisation in Europe and, to pursue that aim, has presented the Dutch Digitalisation Strategy. As the Digital Delta of Europe, we need to ensure that the Netherlands is the best place to do business digitally. We aim to be the world’s proving ground for the application of new digital technologies. That means taking the lead in responsible experimentation with innovative applications, and becoming a world leader in knowledge and research. The Netherlands wants not only to do groundbreaking work, but also to steer the course of innovation: investing in R&D must mean investing in solutions to societal problems.

On the basis of this national ambition, the government is supporting international entrepreneurs, including startups and SMEs, in developing new digital technologies and applications and marketing them in other countries. In the fields of economic diplomacy and international cooperation on innovation, too, the Netherlands is working to raise its profile as regards its knowledge and expertise in digital technology and its innovative applications (see chapter 4).
Applying digital technology for development
The Netherlands wants to use digital technologies to promote innovation for development. Apps, big data analysis and blockchain applications create new opportunities for identifying the target groups of development cooperation policy and reaching them at individual level. The high degree of mobile internet coverage in developing countries makes it possible to communicate through interactive apps, which in turn creates opportunities for healthcare, agriculture, financial services and emergency aid. The United Nations, for example, uses blockchain technology to deliver food vouchers to refugees in Syria. In addition, as the International Aid Transparency Initiative (IATI) has shown, digitalisation makes it possible to increase the transparency of development cooperation. At the same time, in parallel with digitalisation initiatives, we need to improve privacy and data security in developing countries to prevent abuse of these new systems.

The future of work
Globalisation is leading to specialisation between countries and has varying consequences for economic sectors and groups on the labour market. The Fourth Industrial Revolution – the name given to everything to do with nanotechnology, 3D printing, artificial intelligence, robotics and genetics – is having an even greater impact on the labour market. Many jobs and skills that we are currently familiar with will disappear and will be replaced by new ones. The World Economic Forum’s report The Future of Jobs (2016) predicts that some two-thirds of current primary schoolchildren will ultimately work in jobs that we cannot as yet envisage.

Widening gender gap and division in the labour market
Globalisation at large and technological innovation in particular are creating greater divisions in the labour market. There is an economic dividing line between the highly educated, with relatively ‘secure’ and high-skilled work, and those with primary and secondary educations, whose jobs are under pressure. Technology could furthermore widen this the gender gap on the labour market. A relatively large number of women perform jobs that can be automated, and women are under-represented in growth sectors where new jobs are being created. This is exacerbating the gap between men and women on the labour market.

International agenda, research and SER advisory report
Globalisation and technological progress are having a clear impact on the labour market and we need to monitor it closely. The future of work is high on the agenda, not only of international organisations like the International Labour Organization (ILO), the OECD and the G20, but also in the Netherlands. The government has asked the Netherlands Bureau for Economic Policy Analysis (CPB), together with the Netherlands Institute for Social Research (SCP) and the University of Groningen, to study the effects of technological advances and globalisation on the Dutch labour market and Dutch society. We will also ask the Social and Economic Council (SER) to analyse the risks and opportunities of globalisation and technological progress for the Netherlands.

3.4 Making global value chains sustainable

Goods and services should be produced sustainably and with respect for human rights. Everyone should have the opportunity to find decent work and be paid a living wage. The government is expanding its successful integrated approach to corporate social responsibility (CSR) and sustainable global value chains, and is scaling it up in the Netherlands, Europe and internationally.

Integrated approach to sustainable value chains

Dutch businesses are linked to businesses and employees in other countries through their production chains. Decisions made here have consequences there. CSR here contributes to sustainability and inclusiveness there. The Netherlands wants to make optimal use of these links. We are pursuing an integrated approach to sustainable value chains, together with the business community and non-governmental organisations like Solidaridad, the Sustainable Trade Initiative (IDH) and UTZ. We aim to utilise the Netherlands’ economic weight and our trade and development relations to bring about positive change.

Positive results have already been achieved in the textile and palm oil sectors. The Dutch business community has almost achieved its aim of buying only 100% sustainable palm oil by 2020. The government also wants to make a difference in the cocoa sector, where the business community has also committed itself to a 100% sustainable purchasing policy. We support the certification of sustainable and fair cocoa products to increase farmers’ incomes and generate greater transparency for consumers. But we want to go further than that. Through the ‘certification and beyond’ agenda the government, together with Dutch and foreign businesses, is addressing persistent problems in the cocoa chain, like deforestation, low incomes and child labour. We are encouraging businesses and other organisations to innovate and use digital technologies to achieve more targeted support, new forms of financing, greater transparency and greater outreach, and in this way speed up the market transformation that is needed.

Global value chains in the European context

Cooperation with European countries increases the effectiveness of our efforts to make value chains more sustainable. In addition, businesses benefit from sustainability initiatives that are aligned as closely as possible in the European internal market. The Netherlands is taking the lead and advocates higher, common ambitions regarding CSR and value chain sustainability in the EU, and encourages other European member states to do the same. Consequently, seven European countries are now involved in the Amsterdam Declaration in Support of a Fully Sustainable Palm Oil Supply Chain by 2020. Together, these seven countries represent some 74% of the European palm oil market. The Netherlands is also seeking to work with Germany and Switzerland on their plans to make the cocoa production chain more sustainable. Furthermore, the Netherlands is pressing the European Commission to produce a new European CSR action plan.57

57 See the motion submitted by Achraf Bouali MP and Joël Voordewind MP, Parliamentary Paper 26 485, no. 287, 10 April 2018.
Indigi Design provides training to female entrepreneurs in Africa to facilitate exporting to the European market.

Photo: Rijksdienst voor Ondernemend Nederland
Extra focus on a living wage and eradicating child labour

Raising the minimum wage to an acceptable level and eradicating child labour are challenges that businesses and civil society organisations cannot solve alone. The government is pursuing a diplomatic agenda to obtain international support for these issues. Through a multi-stakeholder approach, governments, businesses and civil society organisations need to create the conditions for improvement together. The Netherlands is therefore working with businesses and NGOs, and with other governments and international organisations to create reliable institutions and effective legislation that promotes sustainable production. We are also working to strengthen labour inspections. New projects to advance living wages are being developed, including in the sectors in which voluntary CSR agreements have been concluded among Dutch parties. The government is also encouraging businesses to promote living wages through their acquisition policies. To eradicate child labour, we are stepping up separate projects, for which we have allocated extra funds totalling €15 million.\(^\text{58}\) The Fund against Child Labour can be used to eradicate child labour in the value chains of Dutch businesses.

Empowerment of women and girls

Efforts to make value chains more sustainable offer opportunities to improve the rights of women and their economic position. There are many women working in sectors like textiles, ornamental plant cultivation and cocoa. They are receiving training specifically aimed at raising their productivity and career opportunities, and thereby their incomes. Attention is also being devoted to combating violence against women in the workplace.

Effective voluntary agreements on international corporate social responsibility (ICSR)

The government is helping Dutch businesses to apply due diligence to identify the risks of abuses in their supply chains, and to prevent and mitigate such risks as far as possible. Trade associations, businesses, labour unions, civil society organisations and government work together to achieve this through voluntary ICSR agreements.\(^\text{59}\) These agreements were signed only one to two years ago and need time to prove their value. As stated in the coalition agreement, the voluntary ICSR agreements are to be continued; after two years, it will be determined whether or not and what types of binding measures can be taken and are appropriate.

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58 The motion submitted by Roelof van Laar MP and Joël Voordewind MP, Parliamentary Paper 34 550 XVII, no. 26, 10 November 2016, led to the budget for eradicating child labour being increased from €3 million to €10 million per year. The government has added a further €5 million to this.

59 Five voluntary agreements have been signed on sustainable garments and textiles (July 2016), the banking sector (December 2016), vegetable proteins (March 2017), promoting sustainable forestry (timber sector, March 2017) and responsible gold (June 2017). Agreements in four other sectors are due to be signed by summer 2018: natural stone, food, insurance and ornamental plant cultivation. The government is also working with the SER on ICSR agreements in the metal, agriculture and horticulture, pensions and wind energy sectors.
It is important, within the voluntary agreements, to work on clear communication with regard to goals and results. To speed up implementation of the agreements, the government is making ODA funds available to enable the parties to tackle urgent risks in their supply chains. The government finds it important that more businesses get involved in the voluntary agreements and is addressing this issue as part of the overall process. We also want to conclude additional voluntary agreements in high-risk sectors, and explore what statutory and non-statutory means other countries use to promote CSR. Together with the ministries involved, the Authority for the Financial Markets (AFM) will evaluate the EU directive on disclosure of non-financial and diversity information. We can learn lessons from this.

**International framework for value chain sustainability and CSR**

As the private sector’s role in development grows, safeguarding human rights is crucial. The UN’s Guiding Principles on Business and Human Rights offer an effective framework for achieving this. The Netherlands is constructively contributing to efforts to develop a UN treaty building on these principles. Such a treaty would have to support the principles and strengthen their implementation.

Besides the EU, the OECD is an important forum with which the Netherlands works and where we promote our approach to making chains sustainable. The system of national contact points (NCPs) for the OECD Guidelines for Multinational Corporations is the only international complaint and dispute mechanism for CSR. The government is pleased with the efficient functioning of the Dutch NCP and supports the peer review of all NCPs before 2023. The government attaches particular importance to improving the access of civil society organisations to the mechanism. This is well provided for on paper, but is more difficult to achieve in practice.
3.5 Investing in a future-proof trade and investment system

The government is working both with and via the EU to achieve a future-proof trade and investment system, in which sustainability and inclusiveness are core principles.

Preserving and deepening the multilateral trade and investment system

The Netherlands benefits from an open, rules-based global trade and investment system and a well-functioning World Trade Organization (WTO). This system provides reliability and a mechanism for settling disputes. Despite the stagnation of multilateral negotiations and the crisis in the WTO, the Netherlands continues to advocate preserving and deepening the multilateral trade system. That is no easy task, but the Netherlands and the EU do not stand alone. A new movement of WTO countries wishing to step up international cooperation has emerged. At the 11th WTO Ministerial Conference in Buenos Aires, member states agreed to work together on a new agenda that includes digital trade, investment facilitation and strengthening the position of women in international trade. Despite the current crisis, the multilateral system can move forward by adopting a step-by-step approach in which the EU and other like-minded WTO member states take the lead and others can join in any time that suits them. The G20, OECD and UNCTAD also have an important role to play in feeding these new agendas. At the same time, the EU can conclude bilateral trade and investment agreements with like-minded countries – for example, on integrating sustainability in trade policies – which can serve as an example to other countries and the multilateral system.

Renegotiating bilateral investment agreements on the basis of a new model text

Given the increasingly important role that private investors can and should play in sustainable and inclusive growth, it is important for clear agreements to be made on market access and investor protection. Investment agreements offer security where investors lack certainty, and can help persuade them to overcome their doubts. The Netherlands is introducing a new model text for bilateral investment agreements which ensures a better balance between the rights and duties of multinational enterprises, guarantees policy freedom for foreign governments and excludes letterbox companies from protection. This year, the government will start renegotiating Dutch bilateral trade agreements on the basis of this model text, in the case of countries with which no European investment agreements have been concluded.

Capacity building for investment in developing countries

Together with a number of like-minded countries, the Netherlands is exploring the scope for setting up an advisory centre on international investment law. Such a centre could provide the governments of developing countries with legal assistance in disputes with companies on the basis of an investment agreement. The Netherlands is also advocating an investment facilitation agreement, along the lines of the WTO trade facilitation agreement. The aim of the agreement would be to attract investment and ensure that investment projects contribute more to sustainable and inclusive growth in developing
Investing in Global Prospects

countries, for example by providing jobs, transferring knowledge or encouraging businesses to invest in basic infrastructure for their own and for public use. The Netherlands is working with other countries and organisations like UNCTAD, the OECD and the G20 to identify possible provisions to be included in an investment facilitation agreement.

**Promoting sustainability and inclusiveness through trade agreements**

More and more trade agreements contain sustainability provisions. This is standard in European bilateral trade agreements. They include provisions on labour rights and the environment, promoting the OECD Guidelines for Multinational Corporations and achieving the SDGs. The government attaches great importance to this coherence between international agreements. To ensure that the sustainability provisions in trade agreements genuinely encourage improvements for employees and the environment, the enforcement procedures that trade agreements offer should be used more frequently. The EU should not shy away from making use of dispute settlement mechanisms when trade partners do not make a sufficient effort to comply with sustainability provisions. The EU and its trading partners could be more transparent about their annual dialogue on sustainable development, for example by making agendas and minutes publicly accessible, so that civil society organisations can also access them. We can also help to make the dialogue more coherent and effective by working together with the International Labour Organization or the secretariats of other relevant agreements, like the Paris climate agreement.

**A stronger position for women in world trade**

Trade agreements impact differently on men and women, for example because women are disproportionately represented in various sectors. Women also lag behind worldwide in terms of international entrepreneurship. Working in concert with the European Commission, the government is exploring ways in which the Netherlands can use its knowledge and activities to help improve the position of women in trade. The Netherlands is also building on the declaration signed at the 11th WTO Ministerial Conference, referred to above. The signatories to the declaration call for equal opportunities for men and women in international trade and commit themselves to exchanging information and breaking down barriers within the WTO that exclude women from trade. The government is supporting further study of this issue by the OECD and others, and will work together with world leaders in this area, like Canada.

**Economic security**

This government’s Integrated International Security Strategy outlines the security threats in the economic domain and the importance of ‘economic security’. Economic security entails keeping trade routes open, combating cyber espionage, ensuring the supply of energy and raw materials and ensuring that foreign investments do not undermine national security. Foreign investment in the Netherlands can affect national security and public order if they erode the continuity of vital processes. It can also lead to strategic dependency and affect the integrity of confidential information. In the current geopolitical context, in which states seek to strengthen their international power by economic means, the Netherlands and the European Union have to be alert to this threat. Vital sectors in the Netherlands receive specific protection. After careful risk analysis, the Dutch government may determine that takeovers of
specified businesses in vital sectors require its active approval. Conditions may be attached to a takeover, or protection may be put in place by establishing other safeguards. In the European Union, a discussion is under way on a cooperation mechanism and a framework which individual member states can use to assess proposed foreign investments against their potential impact on national security interests or public order. Such an assessment may include considerations about whether or not the investment is state-driven. The Netherlands supports this cooperation mechanism because it provides insight into potentially high-risk investments in other EU member states, and offers the possibility of identifying cross-border security risks on the basis of that. The government is, however, keen on ensuring that this mechanism is not misused for protectionist purposes.

**General principles of trade policy**

- A well-functioning world trade system is essential to the Netherlands. The government is and will remain a supporter of multilateral agreements within the WTO, where possible. In addition, the EU is involved in plurilateral negotiations with like-minded countries where consensus cannot be reached multilaterally.

- Bilateral trade agreements have added value, because they can go further than is possible multilaterally or plurilaterally. However, it is important that they supplement the multilateral process and do not undermine it.

- The government aims to ensure transparency in ongoing negotiations and maximum involvement of parliament and interest groups, so that the agreements reached have the necessary support in the Netherlands. The Dutch parliament is involved at all stages of the negotiating process. The government will continue to consult with employers, trade unions and civil society organisations through the ‘Breed Handelsberaad’ trade debate platform and ad-hoc consultations.

- It is important to conduct economic, social and ecological impact assessments on potential trade agreements. The European Commission performs such assessments at European level. When the EU initiates negotiations with another country or region, the Dutch government itself commissions an assessment of the impact on prosperity in the Netherlands and in developing countries.

- The government facilitates the responsible export of military equipment and other goods that can be used for both military and civil purposes (dual-use). We do this through effective and efficient export control. We also expect businesses to take their own responsibility in this respect.
4. Enhancing the Netherlands’ international earning capacity
The Netherlands is a successful global economic player. The government presents a proactive trade and investment agenda with a view to enhancing our international earning capacity. We need to keep pushing for better access to markets, including the European internal market. This entails promoting an international level playing field, consolidating our share in existing markets, tapping into new markets, encouraging businesses to become more active internationally and creating an attractive business climate in the Netherlands. To this end, it is important that we keep investing in knowledge, innovation and digitalisation. In addition, our economic diplomacy needs to be focused more sharpenly on international cooperation in the field of innovation and knowledge diplomacy. By doing so, the Netherlands can position itself as a valuable innovation partner and compete with the world’s top economies in those areas in which it excels. Moreover, this way we can develop innovative solutions and new business models, including for the main societal challenges of our times. At the same time, we need to make our international activities more sustainable and ensure that businesses tackle abuses in their supply chains. The details of the Netherlands’ trade and investment agenda are being fleshed out in consultation with our stakeholders and will be presented to the House of Representatives in a separate trade policy letter after the summer.\textsuperscript{60}

**Action areas for enhancing the Netherlands’ international earning capacity**

- Expanding market access and preparing for Brexit
- Providing excellent services to SMEs and startups
- Customising economic diplomacy
- Reforming the Netherlands’ public-private trade and investment promotion network

### 4.1 Market access and Brexit

Bilateral trade agreements increase access to foreign markets. Within the EU, the government is therefore firmly committed to the conclusion of such agreements, as well as their swift signature and entry into force. Through the EU, the Netherlands has concluded trade agreements with almost all major trading partners outside Europe. The negotiations on agreements with Japan, Vietnam and Singapore – and on updating the existing agreement with Mexico – have been concluded and are awaiting signature, while the negotiations on a new agreement with Mercosur are at an advanced stage. Negotiations on trade agreements with Chile, Indonesia, Australia and New Zealand have been launched and are progressing well. China, the United States and Russia form an exception. The negotiations with China on an investment agreement are progressing with difficulty, and the negotiations with the United States have been suspended. Negotiating with Russia would not be politically expedient at the present time.

\textsuperscript{60} Motion submitted by Bente Becker MP, Debate on the BHOS budget, 22 November 2017.
Brexit
Given that the Dutch and British economies are closely entwined, the most important trade agreement in the immediate future will be that concerning the future relationship between the EU and the United Kingdom (UK). The government is pushing for an ambitious, wide-ranging and strong trade relationship between the EU and the UK and continues to closely consult with parliament on this issue. In March 2018, the European Commission and the UK reached a framework agreement on the future of EU-UK relations following Brexit. It remains unclear at this time when a permanent agreement will be concluded. It appears that, whatever happens, the UK will become a ‘third country’ from the EU’s perspective, which means that trade between the Netherlands and the UK will proceed less smoothly. For example, Dutch businesses will have to contend with customs procedures and veterinary and phytosanitary controls.

The government is consulting with businesses, trade associations and other stakeholders about limiting Brexit’s damage to the Netherlands and seizing the opportunities it offers. The government is conducting an active information campaign and together with the Confederation of Netherlands Industry and Employers (VNO-NCW) has launched a website for entrepreneurs that answers specific questions about the implications of Brexit (www.hulpbijbrexit.nl). Together with the Netherlands Enterprise Agency (RVO.nl) and the Dutch Chamber of Commerce (KvK) it has developed a Brexit Impact Scan that enables businesses to identify the risks and opportunities associated with Brexit (www.brexitloket.nl). The government is also helping businesses that might be affected search for alternative markets within the EU. It will devote extra attention to this issue when organising trade missions to EU countries, and SMEs will be able to use ‘Brexit vouchers’ for this purpose. In addition, a specially appointed coordination unit will ensure that the government and the private sector are optimally prepared for all the potential consequences of Brexit, such as the reintroduction of customs procedures. Finally, the government is supporting companies and sectors that see opportunities in Brexit, for example in ICT, finance and logistics. The Netherlands Foreign Investment Agency (NFIA) has expanded its capacity in the Netherlands and the UK, and has refined its strategy in order to help foreign companies that are thinking about relocating their activities to the Netherlands in response to Brexit.

An international level playing field
Fair competition and low barriers to market entry ensure equal opportunities for businesses in the global market, thereby contributing to increased productivity and innovation. The Netherlands has a very open economy, but Dutch businesses do not enjoy the same level of market access in all its trade and investment partner countries. For example, some countries impose strict requirements on foreign investors. The Netherlands does not needlessly shield its own market but rather seeks to secure better access for Dutch businesses to foreign markets through trade and investment agreements. In this way, we contribute to the creation of a level playing field. However, the growing number of state-owned enterprises on the global market, which in some cases may be receiving state aid (lawful or otherwise), undermines the level playing field for businesses. In various forums, including the G20, UNCTAD and the OECD, the Netherlands is advocating greater transparency in respect of state-owned enterprises. The OECD Guidelines on Corporate Governance of State-Owned Enterprises are a key tool in this regard.

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61 Parliamentary Paper 23987, no. 231, on providing the private sector with information and support in connection with Brexit.
Panama Canal
Photo: Raymond Rutting / De Beeldunie
4.2 Providing excellent services to SMEs and startups

The government is enhancing the services provided to SMEs and startups that wish to expand their international presence. There is still a lot of untapped export and investment potential among SMEs and startups – not just in Europe but also in growth markets. Most Dutch companies that are active internationally only do business with other EU countries. In 2015, independent SMEs accounted for over a quarter of all goods exports, to the tune of approximately €80 billion. Having more internationally active businesses enhances our productivity and our ability to drive innovation. In fact, it turns out that companies that innovate and export are at least 50% more productive than companies that operate exclusively within the Netherlands. In addition, a quarter of all companies that started importing or exporting but did not previously engage in R&D were investing in R&D after twelve months.62

NL Trade & Innovate, NL International Business and Invest NL

The Netherlands boasts many bodies that are actively supporting SMEs and startups in their efforts to innovate and expand their international presence, including our embassies and consulates and the attachés who work there, the Netherlands Enterprise Agency (RVO.nl), the Dutch development bank FMO, Atradius Dutch State Business (DSB) and private bodies such as Fenedex. The most important step for the present government to ensure the provision of top-level services to SMEs and startups is to promote cooperation between these bodies and prevent fragmentation. In response to the advisory report prepared by a steering committee (‘stuurgroep Buijink’) appointed by the Dutch Trade and Investment Board (DTIB), the public bodies have joined forces in the NL Trade & Innovate network. The private bodies have come together in the NL International Business network. The establishment of Invest NL is intended to make it easier for entrepreneurs to attract financing for both national and international activities from 2019 onwards. Financing and support for international activities and projects will be managed by a joint venture between Invest NL and FMO, which will also work with RVO.nl. The activities of Atradius DSB will also link up with this joint venture, which will provide entrepreneurs with a one-stop shop for all international financing instruments. The establishment of Invest NL is a key step in the creation of a range of internationally competitive financing instruments for the entire private sector. The government is currently reviewing whether it can further boost the effectiveness of these instruments. The results of this review will be presented to the House of Representatives in autumn 2018 (see also section 3.3).

Increasing the presence of SMEs in growth markets

The government will consult with NL Trade & Innovate and NL International Business to determine ways to support SMEs in taking the leap into new growth markets. The target group consists of slightly larger SMEs that are already active in nearby markets, such as Germany, since international experience nearby increases the chances of success in more distant markets. Together with NL International Business and a number of embassies, and on the basis of positive experiences such as the Holland House in Colombia, the government is examining whether similar hubs can be established in other

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East Africa Business Dialogue: a networking event for companies interested in doing business in East Africa.

Photo: Ministerie van Buitenlandse Zaken
promising cities to assist companies as they seek to enter distant markets. One precondition for developing such hubs is to have multiyear financial and organisational commitment from private parties. Furthermore, the government is examining the possibility of using digital data to provide entrepreneurs with better and more targeted support. The establishment of the joint venture with Invest NL will help unlock a significant amount of financial and other knowledge about emerging and developing markets, while RVO.nl has experience in assisting SMEs that want to do business in these markets. The FMO has invested in many African and Asian banks. Thanks to its participation in the joint venture, Dutch businesses will be able to make better use of this network.

Encouraging SMEs to participate in consortia
The government wants to encourage SMEs to participate in international consortia. SMEs that do so ultimately need to invest less time and money in expanding their international presence, since they can take advantage of the national and international networks and markets of other companies. Large enterprises and knowledge institutions can play a leading role within such consortia. Examples include port, oil and shipbuilding companies and knowledge institutions such as Delft University of Technology.

65 See also the motion submitted by Achraf Bouali MP and others, Parliamentary Paper 26485, no. 281, 4 April 2018.
Temporary office space in Start Up Village to facilitate the internationalisation of startups

Photo: Berlinda van Dam / Hollandse Hoogte
and Wageningen University & Research. SME participation is already being encouraged, for example through the Dutch top sectors and programmes such as Partners for International Business (PIB). The objective is to further increase participation, for example through Invest NL and the NL Works platform for public-private cooperation (see section 4.4).

**Helping SMEs take advantage of trade agreements**
The government wants Dutch businesses to profit more from trade agreements. Due to a lack of knowledge, Dutch entrepreneurs make less use of such agreements than entrepreneurs from certain other countries. The Ministry of Foreign Affairs has commissioned Ecorys to look into the causes of this discrepancy. This study will produce policy recommendations for removing potential barriers to the use of trade agreements and encouraging the use of such agreements by Dutch entrepreneurs. The results of the study, which will devote particular attention to the position of SMEs, are expected by the summer of 2018.

**Internationalisation of startups**
Digitalisation provides small enterprises and startups with countless opportunities to expand their activities internationally. High-tech startups are frequently able to offer their products and services worldwide from the outset, and this enables them to grow. Examples of successful Dutch startups include Adyen, Booking.com and WeTransfer. With their inventive, scalable ideas, these young, creative companies are helping to make the Dutch economy more innovative and dynamic. One of the government’s key objectives is therefore to improve the assistance provided to Dutch startups seeking to expand beyond the Netherlands as well as to foreign startups seeking to enter the Dutch market. Together with the Ministry of Economic Affairs and Climate Policy, RVO.nl, StartupDelta and several large cities, we are developing and implementing plans to strengthen the Netherlands’s position as a startup hub. In order to grow rapidly, startups require a well-developed cluster of startup networks, investors and startup-related organisations – an ecosystem, in other words. The Netherlands boasts an outstanding ecosystem and wants to position itself as Europe’s number-one startup hub. The government is therefore developing a branding strategy that portrays the business climate in the Netherlands as inventive, hospitable and co-creative. The strategy also highlights our high level of knowledge, the presence in the Netherlands of successful businesses and the excellent financing options available here. Together with the Ministry of Economic Affairs and Climate Policy and the National Point of Entry (NPE), we are drafting a plan for the strategic acquisition of talented entrepreneurs.

To help Dutch startups expand their international presence, the government organises trade missions and facilitates their participation in technology trade shows. In addition, the Netherlands’ network of embassies and consulates helps companies integrate in foreign ecosystems, for example through ‘soft landing’ programmes that focus on opening up local networks to Dutch startups. Finally, the government is also encouraging startups to become more active in developing countries. The mission network supports cooperation between the Netherlands and local startups, especially in cases where such cooperation focuses on solving local societal problems. *Orange Corners* are platforms that focus on facilitating local entrepreneurship. Financing options are available through the Dutch Good Growth Fund (DGGF).
4.3 Customising economic diplomacy

In addition to the basic services available to any entrepreneur wanting to expand internationally, we provide customised services in order to secure the best possible return on trade and investment promotion. This means making an extra effort in our economic diplomacy towards specific countries and regions that are relatively more important in terms of our international earning capacity and/or our ability to drive innovation. The top 25 countries and regions are identified using the following criteria:

- economic weight;
- scope of bilateral trade and investment flows;
- interest of Dutch businesses in the country or region, including as expressed by the top sectors;
- presence of barriers to trade and investment.

The top 25 countries and regions receive visits from government ministers and senior diplomats, and extra emphasis is placed on business development and promotion of the Netherlands. The top 25 are not set in stone; a certain amount of flexibility is appropriate in this regard. The government might still arrange missions to other countries that present significant economic opportunities or in cases where such missions are deemed expedient from a political or development perspective.

Stepping up knowledge diplomacy, international cooperation in the field of innovation and strategic acquisition

The top 25 countries and regions include traditional and emerging markets. Businesses that are seeking to expand into emerging markets often require additional support, since these markets are relatively difficult to access as a result of their geographical and cultural distance, poor business climate and local government interference. In traditional markets, and increasingly so in emerging markets, the emphasis is shifting towards knowledge diplomacy and international cooperation for innovation. In order to maintain a strong competitive position in the global market, the Netherlands is largely dependent on R&D, high-quality components and smart digital solutions. Innovation cannot be achieved single-handedly: it involves collecting and sharing knowledge, insights and experiences in the Netherlands and around the world. The government therefore wants to step up international cooperation in the field of knowledge and innovation in areas in which the Netherlands excels. On the basis of a report prepared by the Ministry of Education, Culture and Science’s task force on country strategy, the government has established pilot programmes focusing on China, Germany, Canada and Indonesia. The aim of these pilots is to gain experience of the early involvement of knowledge institutions in the programming of economic missions, with a view to promoting Dutch knowledge and innovative capacity worldwide. Finally, the NFIA’s acquisition strategy focuses on the strategic acquisition of businesses that strengthen the Netherlands’ ability to drive innovation. Together with the Ministry of Economic Affairs and Climate Policy and the NFIA, we are drafting a plan for the continued implementation of this strategy. The House of Representatives will be informed of this plan in the third quarter of 2018.
Roundtable on FOCUS ON MUNICIPAL WATER AND WASTE WATER
19th June 2017, New Delhi

Photo: Ministerie van Buitenlandse Zaken

Economic mission to South India in June 2017
Photo: Ministerie van Buitenlandse Zaken
Developing multiyear public-private programmes

The government is establishing multiyear public-private programmes for promising, often innovative markets. These programmes focus on various sectors of the Dutch economy, including the top sectors, and key enabling technologies such as robotics, photonics and nanotechnology. Developing these markets requires a considerable amount of effort and a multiyear commitment from all parties. One practical example is the current programme focusing on the German high-tech market. At the beginning of 2018, the Ministry of Foreign Affairs decided – together with the Ministry of Economic Affairs and Climate Policy, the Ministry of Agriculture, Nature and Food Quality, the Ministry of Education, Culture and Science and the Ministry of Health, Welfare and Sport, as well as the Association of Provincial Authorities (IPO), the Association of Netherlands Municipalities (VNG), the province of Brabant, Brainport Eindhoven and the four largest cities in the Netherlands (Amsterdam, Rotterdam, The Hague and Utrecht) – to develop programmes targeting Germany, France, the United States, the United Kingdom, China, India, Brazil, the Gulf region and the ASEAN-5 countries (Indonesia, Vietnam, Malaysia, Singapore and Thailand). The international Strategic Board (ISB NL) and other stakeholders will present a more detailed version of these programmes before the end of the year (see section 4.4).

Promoting innovation to both achieve and profit from the SDGs

Thanks to its top sectors, the Netherlands is well placed to take advantage of the new business opportunities offered by the SDGs. The government will therefore devote considerable attention to the SDGs in its public-private programming. Not only are our knowledge and expertise compatible with the SDGs; our approach is well suited to them too. We work in public-private partnerships that also involve local businesses and knowledge institutions. The government wants the Dutch top sectors to focus more heavily – although not exclusively – on the economic opportunities associated with the SDGs.
Training of employees of dairy company Bio Foods Products Ltd in Kenya

Photo: Rijksdienst voor Ondernemend Nederland
This includes the ambition to apply knowledge developed in the context of the SDGs in developing countries. The government will increase the effectiveness of its various financing instruments in order to provide Dutch businesses that wish to contribute to the SDGs with the best financial support possible. This will be achieved, for example, through the establishment of the joint venture between Invest NL and FMO, adjustments to the DGGF, the launch of the national climate and development fund and the creation of the SDG partnership facility for food security and entrepreneurship (see also section 3.2).

4.4 Reforming the Netherlands’ trade and investment promotion network

**International Strategic Board (ISB NL)**
The government and various private partners established ISB NL at the beginning of 2018. Its purpose is to consolidate the cooperation between government ministries, knowledge institutions and businesses in order to strengthen the Netherlands’ international position, knowledge base and innovative capacity, and to contribute to the achievement of the SDGs in the Netherlands and the world. ISB NL is a public-private advisory body drawn from central and regional government, knowledge institutions and businesses. ISB NL, Trade & Innovate NL and NL International Business together form a strong network of service providers. This network should help increase the effectiveness of public and private bodies in order to achieve their common ambitions and aims. It also includes the Invest in Holland Network, in which the NFIA, the regional development agencies and large cities such as Amsterdam and Eindhoven join forces to attract foreign investors. The first assignment of ISB NL is to draft a strategy for expanding the international presence of Dutch businesses in promising countries, regions and sectors. This strategy will be included in the trade policy letter that forms the basis for the government’s multiyear public-private programming. The letter will be sent to the House of Representatives after the summer.

**Common goals**
Ambitious guidelines and objectives are important when embarking on a joint course of action and for establishing a good division of labour between public and private bodies. Quantitative objectives and league tables will not solve everything, but they can help present an ambitious vision of the future. Therefore, objectives will be formulated together with all relevant stakeholders concerning: (1) the Dutch share in established and growth markets; (2) the number of businesses and knowledge institutions that are active at international level; (3) the startup ecosystem; and (4) international achievements in innovation, including in relation to the SDGs.
Joint implementation: NL Works

Set up in mid-2017, NL Works is a vehicle for public-private cooperation. On the basis of the ISB strategy, it provides long-term support to Dutch businesses and knowledge institutions that wish to position themselves for large international projects. Several pilot projects have been launched with a view to gaining experience in this area, including a high-tech programme focusing on Germany and a programme in India aimed at cleaning the Ganges. The tasks of NL Works include collecting information on opportunities in growth markets, supporting Dutch consortia of businesses, knowledge institutions and government agencies in their efforts to seize specific opportunities abroad, and ensuring that economic missions are well-prepared and followed up. NL Works is supported by NL Trade & Innovate and NL International Business.

Joint branding

In cooperation with other ministries, and with the help of a public-private advisory body, we are developing a new international branding for the Netherlands. This should result in a new approach that provides the different public and private actors with practical tools, procedural and substantial, for projecting a stronger and more distinct image of the Netherlands abroad. This approach will be in keeping with the main thrust of this policy document, which seeks to raise the Netherlands’ profile as a partner in the search for innovative solutions to global problems. These measures represent the government’s response to the recommendations presented in the following advisory reports: Team Nederland: Samen sterker in de wereld (Team NL: Stronger Together in the World) (2017) prepared by a steering committee appointed by the Dutch Trade and Investment Board, WTI-diplomatie: Offensief voor internationalisering van wetenschap, technologie en innovatie (Science, Technology and Innovation Diplomacy: A Drive for the Internationalisation of Science, Technology and Innovation) (2017) prepared by the Advisory Council for Science, Technology and Innovation, and a report prepared by the Ministry of Education, Culture and Science’s task force on country strategy.
5. The EU, multilateral cooperation and civil society
Cooperation within the EU, and with multilateral institutions and civil society, is crucial in order to achieve our policy goals.64

5.1 International cooperation within the EU

The government chooses to work closely with our EU partners to enable us to respond effectively to issues like climate change, migration, instability on our external borders and the future of world trade. In 2016, the European Union and its member states accounted for almost 60% (€75.5 billion) of all official development assistance (ODA) provided by the members of the OECD Development Assistance Committee (DAC). This gives the EU a powerful instrument with which to influence developments worldwide, especially if this was part of a concerted effort involving political leadership, diplomacy, aid, trade and security. The policy framework for this effort is laid down in the EU Global Strategy of June 2016, the EU Consensus on Development of June 2017, and the Trade for All strategy of October 2015.

The government is working to ensure that this European policy framework and the associated programmes are implemented appropriately. Through its European Neighbourhood Policy, the EU aims to increase stability, security and prosperity in Europe’s neighbouring countries. We are supporting various programmes in Africa, the Caribbean and the Pacific through the European Development Fund, and in Asia and Latin America through the Development Cooperation Instrument. The EU has allocated approximately €65.5 billion for these activities in the 2014-2020 period.

The EU plays an important role in efforts to manage and reduce problems in neighbouring regions. This approach has resulted in an substantial initial decline in irregular migration, certainly in comparison with the situation in 2015. Through the EU Emergency Trust Fund for Africa, we are addressing root causes of migration, improving border controls and combating people smuggling. At the same time, the EU is conducting a political dialogue with countries of origin, transit and reception to seek sustainable solutions to migration, instability and conflict. Through the EU Regional Trust Fund in Response to the Syrian Crisis (the Madad Fund), the EU is working to improve the reception of refugees and support host communities.

Post-Cotonou

In 2020, the Cotonou Agreement between the EU and the countries of Africa, the Caribbean and the Pacific (ACP) will come to an end. Negotiations on a follow-up partnership are starting in 2018. Because of its proximity to Europe, the relationship with Africa in particular is strategically important for the European Union and for the Netherlands. The Netherlands advocates a modernised partnership between the EU and Africa, and wants to see a well-integrated approach, with a strong political dialogue and attention for human rights, migration and security.

64 This chapter is mainly about development cooperation. Cooperation with the business community in this area is examined in chapters 3 and 4.
The Netherlands contributes more than €500 million a year to EU development cooperation. In response to the Becker-Bouali motion of 22 February 2018 (Parliamentary Paper 21501-04, no. 209), the government undertakes to provide more information on the efforts and results of EU development cooperation, in existing budget instruments, the annual results report, and in a separate annual letter to parliament.

In deploying bilateral resources, the government aims to maximise complementarity by taking account of what European institutions and other EU member states are already doing. Where possible, the Netherlands plays an active part in joint programming. The government is also working to position Dutch organisations better to implement programmes for the European Commission, for example by means of delegated cooperation.

5.2 Multilateral cooperation
As a medium-sized country, the Netherlands benefits from clear international agreements and well-functioning multilateral organisations aimed at addressing global challenges. This applies to such areas as financial-economic stability, promoting peace and security, and tackling the root causes of poverty, climate problems, extremism and irregular migration. By investing in multilateral organisations, in accordance with our constitutional duty to promote the international legal order, we can achieve results in the priority areas of BHOS policy. It also allows us to exert influence on the international community’s efforts in view of the Netherlands’ interests. That is why the Netherlands made efforts to obtain membership of the UN Security Council in 2018, and we also have seats on the governing boards of the World Bank and the IMF. The appeal of multilateral cooperation lies in its specific advantages: economies of scale, coordination, legitimacy and political influence, structural long-term commitment and the division of costs and benefits between countries. To provide these advantages, however, organisations must be effective. The multilateral system will have to undergo reform in order to maintain its added value in the future and to help achieve the SDGs by 2030.

The Netherlands’ involvement in multilateral organisations is based on the following principles:

- The Netherlands supports well-functioning multilateral organisations that are relevant to the priorities of our foreign policy. We prefer to provide predictable and multiannual financing and always demand transparency and accountability for expenses, cost efficiency and concrete results. We also intend to call for the donor basis to be expanded.
- The Netherlands actively supports the reforms presented by the UN Secretary-General. We are focusing on efforts to improve the financing of UN agencies, strengthen the role of the UN country representatives, promote multi-stakeholder partnerships and develop an integrated approach to peacebuilding, development cooperation and humanitarian assistance.

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65 In 2018 this was €329 million through the Dutch contribution to the EU budget and almost €193 million for the European Development Fund, which falls outside the EU budget.
• Thanks to their unique system of financing through loans, innovative forms of funding and mobilising private investment, international financial institutions like the World Bank and the African Development Bank are crucial to financing efforts to achieve the SDGs and the climate goals. In the dialogue with these organisations, the Netherlands will focus on our BHOS priorities, including employment (especially for young people), climate action, conflict and crisis prevention, and innovation.

• Given the increasing challenges facing many of the poorest countries in the field of macroeconomic stability and debt management, the Netherlands will continue to work closely with the IMF in these areas (see box).

• Besides our involvement in the UN and the international financial institutions, the Netherlands also works with the G20 and the OECD. Our cooperation with these organisations is based on the tangible added value that they can offer for Dutch policy priorities.

The Netherlands sometimes works with other donors in developing countries, sharing knowledge and expertise. A positive example of this trilateral cooperation was our 2015 partnership with Israel on agriculture in Ghana.

Growing debt in the poorest developing countries

Many of the poorest developing countries, which were faced with severe debt burdens in the 1990s, enjoyed debt relief from the international community in the early years of this century under the Heavily Indebted Poor Country (HIPC) and Multilateral Debt Relief (MDRI) initiatives. This contributed to their favourable socioeconomic development in the years after the turn of the century. Recently, however, their debt levels have been rising at an alarming rate, especially in Sub-Saharan Africa. Disappointing growth figures, bad debt management and an abundant supply of international capital have all contributed to this increased public debt. The IMF has warned about a new debt crisis in various HIPC countries, including Cameroon, Chad, Congo, Ghana, Gambia, Mauritania, Mozambique and Zambia. A number of middle-income countries, such as Jordan, Lebanon and Iraq, are facing similar problems.

An important contrast with earlier debt crises is the nature of the debt. A large proportion of the debts is now owed to private financiers and non-traditional public creditors like China, which is the country with the most outstanding debts in Sub-Saharan Africa. Transparency on the scale of the debt and the terms of these creditors is limited.

5.3 Strengthening civil society

Civil society organisations have an important role to play in promoting greater social equality, providing public services, furthering human security and acting as a watchdog in making the activities of governments and businesses more inclusive. Civil society organisations include non-governmental organisations (NGOs), religious organisations, trade unions, interest-based organisations, civil movements, cultural institutions and diaspora organisations. In many parts of the world, where the freedom of expression, organisation and assembly is restricted, civil society is under pressure. This means that governments are depriving themselves of opportunities to consult with civil society to make their policies more inclusive and efficient.

Civil society organisations help to achieve the SDGs and address the root causes of poverty and inequality in different ways:
• By implementing poverty reduction programmes, both in fragile states and in more stable environments. They play an important role because of their expertise, their innovations and their capacity to reach the most marginalised groups, including people with disabilities.
• By lobbying and influencing governments so that they take responsibility when it comes to implementing the SDGs in a sustainable and inclusive way. Strategic partnerships with civil society organisations improve the quality and effectiveness of policy.

In recent years the Netherlands has set up strategic partnerships between the foreign ministry and civil society organisations within the ‘Dialogue and Dissent’ policy framework. The role of both groups is now more policy focused; the thinking is that each partner, working on the basis of their own position and perspective, can contribute to the achievement of the SDGs by amplifying the voice of civil society organisations in developing countries. This will enhance the ability of local organisations to promote socioeconomic change.

In 2019, we will start formulating a new policy framework for civil society. We will do so using the results of the mid-term reviews conducted in 2018, and of research by the Science for Global Development programme of the Netherlands Organisation for Scientific Research (NWO-WOTRO) into the assumptions underlying the Dialogue and Dissent framework. For the time being, our intention is to continue this form of support for civil society organisations, while giving ownership more clearly to African, Asian and Latin American organisations. Dutch organisations will then play a different role, focused more on innovation, communication and lobbying at international level.
Development cooperation knowledge platforms

As of 2012, in response to a letter from then Minister for European Affairs and International Cooperation Ben Knapen,67 the Ministry of Foreign Affairs set up knowledge platforms around the main priority themes of development policy (www.knowledgeplatforms.nl). These platforms focus on knowledge relating to Dutch policy and provide an expert network to support the ministry’s work. Policy-relevant research is initiated through the platforms, in which NWO-WOTRO plays a leading role. The knowledge platform concept is to be evaluated to determine to what extent it needs to be adjusted in the light of the new BHOS policy.

67 Letter from Ben Knapen, Minister for European Affairs and International Cooperation, to the President of the House of Representatives on knowledge policy and working with knowledge institutions on development cooperation, Parliamentary Paper 32605, no. 61, 14 November 2011.
6. Shifting the geographical focus and amending the budget
6.1 Focus regions for development cooperation

Dutch development policy will focus more strongly on countries and regions in Europe’s vicinity where the Netherlands can make a difference by tackling root causes and by stimulating development.

In order to make a balanced assessment, the government has examined all OECD-recognised developing countries on the basis of three criteria: the situation in the country (urgency of/need for development cooperation), the added value of Dutch efforts (potential) and the government’s broader policy (coherence). It also attaches more weight to a country’s position within a particular region. In cases where regional structures contribute effectively to solving cross-border problems, the Netherlands will cooperate more closely with those structures, too. More so than in the past, development cooperation will thus form part of a comprehensive and integrated approach to foreign policy. The emphasis will shift to the focus regions of the West African Sahel, the Horn of Africa, and the Middle East and North Africa (MENA). The Netherlands will continue its role in the Great Lakes region and two Asian countries (Afghanistan and Bangladesh). Beyond that, it will scale back its large country programmes.

**MENA**

The coalition agreement states that the Netherlands will engage in closer cooperation with Lebanon, Jordan and Iraq, particularly as regards supporting the reception of refugees in the region and mitigating the impact of such reception for the countries themselves. Within the region, the Netherlands will maintain its relations with the Palestinian Territories and Yemen (under current circumstances mainly in the form of humanitarian aid). In the countries of North Africa, we will employ development instruments that contribute to a closer relationship within the parameters of our broader foreign policy, with a particular emphasis on strengthening the private sector and boosting employment in sectors where the Netherlands can offer added value (such as water and food security). We are also working more closely with Tunisia to strengthen the rule of law.

**Sahel**

In recent years, the Netherlands’ efforts and presence in the Sahel has focused primarily on Mali. The region faces a worrying combination of instability and poverty, which is exacerbated by high population growth. In coordination with other partners in Europe and beyond, the Netherlands will increase its presence in the Sahel, with an emphasis on relations with Niger and Nigeria (the economic powerhouse of the region). We will actively look for links and synergies with our efforts in North Africa.

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68 Parliamentary Paper 32605, no. 214, concerning the motion submitted by Anne Kuik MP and others.
**Horn of Africa**
The Netherlands has a long-standing economic and development relationship with various countries in this region, in particular Ethiopia and Kenya. It also provides South Sudan with structural assistance through a combination of humanitarian aid and support that is designed to promote stability. Within the boundaries of what is possible, the additional funding for this region will manifest itself primarily in closer cooperation with Somalia (stability and security) and – in coordination with the EU and other international partners – Sudan (migration and economic development). The Netherlands is already contributing to the implementation of the EU’s migration and development agenda in the region. Given Uganda’s special involvement in developments in the Horn of Africa, we will include it in our regional strategy on these issues.

**Great Lakes, Afghanistan and Bangladesh**
The government wants to continue its development relationship with the Great Lakes region and two Asian countries. In the Great Lakes region, the emphasis is on bilateral cooperation with Burundi, Rwanda and Uganda and the regional programme in East Congo (DRC). Stability, humanitarian aid and poverty reduction occupy centre stage in this region. Through coordination with Kenya (and the East African Community (EAC)), there is also potential for further economic integration.

In Asia, we will continue our relationship with Afghanistan and Bangladesh, which are both key countries of origin for migration to the EU and, in the case of Afghanistan, the Netherlands. Afghanistan is also a key country in the fight against radicalisation and terrorism. The Netherlands remains committed to promoting stability and security in Afghanistan, as highlighted by our military contribution to NATO’s Resolute Support Mission and our leadership on this issue during the Netherlands’ membership of the UN Security Council. In Bangladesh, we will press ahead with the current transition from aid to trade, with a particular emphasis on water, the textile industry, women and the plight of the Rohingya.

**Increased spending in the focus regions**
The focus of the Netherlands’ efforts in the abovementioned regions is a combination of close cooperation, support and policy dialogue (including through regional and international organisations), coupled with a multiyear commitment to provide funding and capacity. During the government’s term of office, the programme budget in the focus regions will increase, in financial terms, by at least a third compared with the situation in 2017. The embassies in the focus regions will be bolstered by local experts and diplomats with development experience. In addition, where necessary the Netherlands will open embassy offices with a view to increasing its visible presence (especially in the Sahel). In doing so, we will coordinate with like-minded donor countries and explore opportunities for cooperation at EU level. Furthermore, we will also seek to collaborate with traditionally less like-minded donors.

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69 The level of increased spending will vary by policy theme. The baseline is the cumulative value per policy theme of the Netherlands’ financial contributions from the thematic budgets for the focus regions in 2017.
**Increased spending in Lebanon, Jordan and Iraq**

Lebanon, Jordan and Iraq have been profoundly affected by the conflict in Syria and the fight against extremism, not just by the large numbers of refugees and displaced persons residing in these countries but also by the difficult economic situation in which they find themselves. In order to prevent the instability in the region from spreading beyond its borders, and motivated by a sense of shared responsibility, the government is strengthening and expanding the Netherlands’ cooperation with these three countries.

In Lebanon, the Netherlands is promoting stability by investing in education, employment and social cohesion. It is also helping to strengthen Lebanese institutions so that they are able to cope with the challenges facing the country and offer vulnerable groups, such as refugees, protection and the prospect of a better future. In Jordan, the Netherlands is focusing on education and sustainable economic development, with an emphasis on agriculture, water and value chains. It also supports the Jordanian government’s policy of creating education and employment opportunities for refugees. In Iraq, the Netherlands’ efforts focus on ensuring stability and tackling root causes of instability, with an emphasis on sustainable economic development in the agricultural and water sectors, entrepreneurship, inclusivity in the politico-administrative system and the reintegration of displaced persons. Support for demining, human rights and accountability will also be continued. In all three countries, special attention is being devoted to the difficulties facing young people. The Dutch embassies in Lebanon, Jordan and Iraq will be bolstered by additional staff.

In the past, the countries with which the Netherlands maintains a structural development relationship were referred to as ‘partner countries’. We are now abandoning this designation, on the grounds that the Netherlands acts as a partner to many other countries where it also deploys development instruments. The development relationship with most ‘partner countries’ will continue, but the new policy will result in a reduction in development-related efforts in four of these countries. The country programme will be phased out in Ghana and Indonesia, while in Benin and Mozambique it will be scaled back in favour of increased spending in the focus regions. The Netherlands will honour existing agreements during this process, thus confirming its credentials as a reliable donor.

Given the differences that exist between countries in the same region, development cooperation needs to be varied and flexible in form and scope. Countries with which the Netherlands does not have a structural development relationship (such as Morocco and Libya) may nevertheless qualify for deployment of development cooperation if the efforts in question support integrated foreign policy initiatives such as the Integrated International Security Strategy, the Integrated Migration Agenda and the combined agenda for trade, aid and investment.

Humanitarian aid is provided where needed, including outside the focus regions. The same applies to international climate financing.

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70 See Parliamentary Paper 33625, no. 26, of 19 September 2016, concerning the review of official development assistance (ODA) and the list of partner countries. A process to scale back the country programme has also been launched in Kenya. However, given the country’s importance for stability and economic development in the Horn of Africa and the Great Lakes region, the Netherlands will continue to support a long-term collaborative relationship with Kenya by means of a country programme.
6.2 ODA budget and increased spending

The BHOS budget will incorporate the additional funding set aside in the coalition agreement for implementing the updated BHOS policy. The geographical shifts will be reflected in the policy document on the homogenous budget for international cooperation (HGIS).

The coalition agreement sets aside over €400 million extra per year in official development assistance (ODA) for implementing the updated BHOS policy. The government will compensate for specific cuts made by the second Rutte government. During the present government’s term of office, the ODA budget will accordingly increase by €118 million in 2019, rising to an increase of €475 million in 2022. The budget will amount to 0.7% of gross national income (GNI), minus €1.4 billion. In addition, extra resources totalling €1 billion will be added to the ODA budget on a one-off basis during the government’s term of office. During this period, the growth of the ODA budget will continue to be tied to the growth of GNI.

In addition to the extra resources set aside in the coalition agreement, the ODA budget has been adjusted in light of the financial implications of the coalition agreement, as calculated by the Netherlands Bureau for Economic and Policy Analysis (CPB), and the impact of those implications on GNI.

In order to be able to take all necessary measures to contribute as much as possible to the SDGs, the government needs to take steps that are compatible with the reaffirmation of the international agreement concluded at EU and UN level to once again work towards an ODA budget amounting to 0.7% of GNI by 2030. The spending increases outlined in the coalition agreement, which are discussed in this document, represent an important step during the present government’s term of office. During this period, potential follow-up steps will be thoroughly examined at the appropriate time in the light of the prevailing humanitarian and development situation, government-wide priorities and the agreed budgetary framework.

Table 1: shows the impact of the measures in the coalition agreement on annual net ODA expenditure:

<table>
<thead>
<tr>
<th>Net ODA as a percentage of GNI</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second Rutte government based on 2018 draft budget</td>
<td>0.54</td>
<td>0.51</td>
<td>0.48</td>
<td>0.49</td>
<td>0.48</td>
</tr>
<tr>
<td>Third Rutte government after incorporating the coalition agreement</td>
<td>0.59</td>
<td>0.56</td>
<td>0.55</td>
<td>0.55</td>
<td>0.54</td>
</tr>
</tbody>
</table>
Vocational training in Ethiopia

Photo: Reinout van den Bergh / De Beeldunie
Table 2: presents an overview of the areas to which the additional funding from the coalition agreement will be channelled:

<table>
<thead>
<tr>
<th>Measures (amounts x €1 million)</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Longterm from 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humanitarian aid</td>
<td>162</td>
<td>162</td>
<td>162</td>
<td>162</td>
<td>162</td>
</tr>
<tr>
<td>Reception in the region of origin</td>
<td>103</td>
<td>128</td>
<td>128</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td>Migration</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Climate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate Fund</td>
<td>40</td>
<td>60</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Climate financing</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Root causes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women’s rights and reproductive health</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Education</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Employment</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Security and the rule of law/Preventing violent extremism</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Innovation</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Voluntary agreements on international corporate social</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>responsibility</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Combating child labour</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Scholarships for focus regions</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>429</td>
<td>474</td>
<td>493</td>
<td>493</td>
<td>490</td>
</tr>
</tbody>
</table>

Notes:
- From 2018 onwards, the humanitarian aid budget will be raised from €205 million per year to €367 million per year, thereby returning it more or less to its previous level.
- A significant share of the extra resources will be invested in reception and protection of refugees in their region of origin (€128 million annually). The existing budget for cooperation on migration will be raised by €25 million per year.
- Within the BHOS budget, the budget for climate action will be scaled up gradually. We expect to reach €400 million in public climate financing in 2018 within the BHOS budget. In addition, we aim to raise €350 million in private climate financing in 2018. A new national climate fund will distribute €40 million annually (ODA). In addition, climate financing within the BHOS budget will be increased by €20 million (in 2019) and €40 million (annually from 2020 onwards). According to current predictions, total public climate financing within the BHOS budget will thus rise to €480 million annually by the end of the government’s term of office.
- Extra resources will be deployed to tackle specific root causes by investing in education, work, women’s rights, the rule of law and preventing violent extremism.
- The government will set aside €5 million a year to stimulate the innovative capacity of businesses in developing countries and the Netherlands.
The following specific budgetary measures from the coalition agreement will be incorporated into the BHOS budget:

- The current financial commitment to voluntary agreements on international corporate social responsibility will be continued.
- The resources devoted to combating child labour will be increased from €10 million per year to €15 million per year.
- The contribution to scholarships in Lebanon, Jordan and Iraq will be doubled, including an additional €2 million for the Netherlands Fellowship Programme (NFP), which is part of the Orange Knowledge Programme (OKP), and an additional €0.5 million for the MENA Scholarship Programme (MSP).
- We will strengthen the Ministry of Foreign Affairs’ policy and management capacity with regard to the above-mentioned priorities.

6.3 Structure of the BHOS budget

In accordance with the coalition agreement, sexual and reproductive health and rights (SRHR), water, agriculture, and security and the rule of law will remain key priorities within Dutch development policy. Within the thematic budgets that fall under the overall BHOS budget, there will be a shift towards the focus regions of the West African Sahel, the Horn of Africa and the MENA region. The main shift will not take place until after 2020, as a result of existing commitments to various programmes.

We will maintain the thematic structure of the BHOS budget. In recent years, much time and effort has been invested in making the budget and the scope for monitoring its results more transparent and easier to evaluate. The budget is relatively new, and we can therefore continue to measure progress on the basis of its thematic articles.

To increase the visibility of the priorities from the coalition agreement in the BHOS budget, we will make a limited number of changes to the structure of the 2019 Draft Budget:

- In order to grant the Integrated Migration Agenda a clear place in the BHOS budget, subarticle 5.3 ‘Migration and Development’ will be moved to article 4 ‘Peace and Security for Development’, where it will remain as a separate subarticle. The budget for the reception of refugees in the region, which previously appeared as an instrument under subarticle 4.3 ‘Development of the Rule of Law’, will also be added to this subarticle. As a result of these changes, these two related instruments will appear under a single budgetary article.
- The Dutch Good Growth Fund (DGGF) will be incorporated under subarticle 1.3 ‘Strengthening the Private Sector’.
- During the preparation of the 2019 Draft Budget the descriptions of the articles and subarticles will be brought into line with the BHOS priorities.
6.4 Expanding the result data

The result areas, indicators and target values for development cooperation in the BHOS budget will be modified and expanded in the near future, in line with the aforementioned policy shifts. Over the coming months, result areas, indicators and target values for the budget’s section on foreign trade, which have so far not been part of the budget, will also be developed. The SDG indicators play a key role in both sections of the BHOS budget.

Achieving tangible results is a key aspect of BHOS strategy, which focuses on producing sustainable outcomes in a cost-effective manner. In consultation with the House of Representatives, the government has made significant progress in recent years in its efforts to measure and present data on the results of its BHOS policy. This is clearly apparent from the annual report on results in the field of development cooperation (www.osresultaten.nl) and the inclusion of result data in the BHOS budget and BHOS annual report.

In light of the aforementioned policy shifts, the government will amend and supplement its Theories of Change (TOCs) and result indicators for the main themes of Dutch development cooperation policy. TOCs map out how policy interventions lead to change or desired outcomes. The SDG goals, component goals and indicators are a key point of reference in this regard. The updated TOCs will be published online at the same time as the 2019 BHOS budget. By way of illustration, the current result areas, indicators and target values are presented in the following table.

Over the coming months, the government will formulate TOCs for the main themes of Dutch foreign trade policy. On the basis of these TOCs, we will be able to develop and adopt specific result areas, indicators and target values. To this end, we are working together with Statistics Netherlands (CBS) and several experts in the field of monitoring and evaluation, as well as in close consultation with our stakeholders and the House of Representatives. Further details on this process will be included in the trade policy letter that will be sent to the House of Representatives after the summer.

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71 The current TOCs are available (in Dutch) at: https://www.rijksoverheid.nl/onderwerpen/ontwikkelingssamenwerking/documenten/publicaties/2015/10/13/theory-of-changeontwikkelingssamenwerking.
<table>
<thead>
<tr>
<th>Policy theme/budget article</th>
<th>Result area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector development</td>
<td>Business development</td>
</tr>
<tr>
<td>Article 1</td>
<td></td>
</tr>
<tr>
<td>Food security</td>
<td>Eradicating hunger and malnutrition</td>
</tr>
<tr>
<td>Article 2</td>
<td>Stimulating sustainable and inclusive growth in the agricultural sector</td>
</tr>
<tr>
<td></td>
<td>Creating ecologically sustainable food systems</td>
</tr>
<tr>
<td>Water</td>
<td>Drinking water, sanitation and hygiene</td>
</tr>
<tr>
<td>Article 2</td>
<td>Improved river basin management and safe deltas</td>
</tr>
<tr>
<td>Climate</td>
<td>Renewable energy</td>
</tr>
<tr>
<td>Article 2</td>
<td></td>
</tr>
<tr>
<td>Women’s rights and gender equality</td>
<td>Improving conditions for women’s rights and gender equality</td>
</tr>
<tr>
<td>Article 3</td>
<td>Strengthening the capacity of civil society organisations</td>
</tr>
<tr>
<td>Sexual and reproductive health and rights (SRHR) and HIV</td>
<td>Access to family planning</td>
</tr>
<tr>
<td>Article 3</td>
<td>Rights</td>
</tr>
<tr>
<td>Security and the rule of law</td>
<td>Developing the rule of law</td>
</tr>
<tr>
<td>Article 4</td>
<td>Human safety</td>
</tr>
<tr>
<td>Indicator</td>
<td>Target value (2020)</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Number of direct jobs supported by private sector development programmes (according to the internationally harmonised definition)</td>
<td>180,000</td>
</tr>
<tr>
<td>Number of companies (Dutch and local businesses) with a supported plan to invest, trade or provide services</td>
<td>2,500</td>
</tr>
<tr>
<td>Number of people with an improved food intake</td>
<td>20 million</td>
</tr>
<tr>
<td>Number of farmers with improved productivity and income</td>
<td>5.5 million</td>
</tr>
<tr>
<td>Number of hectares of agricultural land being used in a more ecologically efficient manner</td>
<td>5 million</td>
</tr>
<tr>
<td>Number of people with access to better water sources</td>
<td>8 million cumulatively (30 million cumulatively in 2030)</td>
</tr>
<tr>
<td>Number of people with access to improved sanitation and information on hygienic living conditions</td>
<td>12 million cumulatively (50 million cumulatively in 2030)</td>
</tr>
<tr>
<td>Number of people benefiting from improved river basin management and safer deltas</td>
<td>20 million cumulatively</td>
</tr>
<tr>
<td>Number of people with access to renewable energy</td>
<td>11.5 million cumulatively (50 million cumulatively in 2030)</td>
</tr>
<tr>
<td>Number of demonstrable contributions by public institutions and companies towards improving conditions for women’s rights and gender equality (outcome)</td>
<td>500</td>
</tr>
<tr>
<td>Number of civil society organisations with increased capacity to promote women’s rights and gender equality (output)</td>
<td>350 cumulatively</td>
</tr>
<tr>
<td>Number of women and girls with access to modern contraceptives in 69 Family Planning 2020 (FP2020) focus countries</td>
<td>6 million additional women and girls cumulatively (relative to 2012 baseline)</td>
</tr>
<tr>
<td>Satisfaction of SRHR partners regarding the extent to which barriers to SRHR have been lowered for discriminated and vulnerable groups in their focus countries</td>
<td>Satisfaction (minimum score of 4 on 1-5 scale) in 80 per cent of the focus countries</td>
</tr>
<tr>
<td>Number of people (men and women) with access to justice through formal or informal judicial institutions that enable them to protect their basic rights, bring criminal proceedings and resolve disputes.</td>
<td>200,000 cumulatively, of whom at least half are women, in 6 fragile or post-conflict countries</td>
</tr>
<tr>
<td>Number of square metres of land that have been demined</td>
<td>24 million</td>
</tr>
</tbody>
</table>